LAWS OF OHIO

Relating to

BANKS, TRUST COMPANIES SAFE DEPOSIT COMPANIES DEPOSITARIES and DEALERS IN SECURITIES

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LAWS OF OHIO

Relating to the incorporation, examination management, and conduct of

BANKS, TRUST COMPANIES SAFE DEPOSIT COMPANIES DEPOSITARIES and DEALERS IN SECURITIES

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SUPERINTENDENT OF BANKS.

Superintendent of banks, appointment and term.

SECTION 710. The governor, with the advice and consent of the senate, shall appoint a superintendent of banks, who shall hold his office for the term of four years and until his successor is appointed and qualified. The superintendent may be removed by the governor at any time. (99 v. 287 Sec. 78.)

General duties.

SECTION 711. The superintendent of banks shall execute the laws in relation to banking companies, savings banks, savings societies, societies for savings, savings and loan associations, savings and trust companies, safe deposit companies and trust companies and every other corporation or association having the power to receive, and receiving money on deposit, chartered or incorporated under the laws of this state. Nothing in this chapter contained shall apply to building and loan associations. (99 v. 287 Sec. 79.)

Clerks and examiners. Appointment and removal.

SECTION 712. With the approval of the governor, the superintendent of banks may employ from time to time necessary clerks and examiners to assist in the discharge of the duties imposed upon him by law. With such approval, he may remove any such clerks or examiners. He shall summarily remove the deputy superintendent of banks, and any examiner, clerk or deputy connected with the department of the superintendent of banks upon the violation by any such officer, examiner or clerk of any of the provisions of section 717 of the General Code. (103 v. 379 Sec. 12.)

Salaries of clerks and examiners.

SECTION 713. The superintendent of banks shall fix the salaries of the deputies, assistants, clerks and examiners at such rates per annum as the governor approves. Upon vouchers approved by the superintendents of banks, such salaries shall be paid monthly by the treasurer of state upon the warrant of the auditor of state. (101 v. 276 Sec. 1.)

Traveling expenses.

SECTION 714. The actual and necessary traveling expenses of the superintendent of banks and of the deputies, assistants, clerks and examiners incurred in the discharge of their official duty shall be paid monthly by the treasurer of state upon the warrant of the auditor of state. Vouchers therefor shall be fully itemized, approved by the superintendent of banks and countersigned by the auditor of state. (101 v. 276 Sec. 1.)

Expenses paid from appropriation.

SECTION 715. All expenses incurred by the superintendent of banks in the performance of the duties imposed upon him by law, including the salary of such superintendent, his deputies, assistants, clerks and examiners, shall be paid from funds appropriated therefor. (101 v. 276 Sec. 1.)

Bond of superintendent.

SECTION 716. Before entering upon the discharge of his duties, the superintendent of banks shall give bond to the state in the sum of fifty thousand dollars with sureties approved by the governor, conditioned for the faithful discharge of his official duties. Such bond, with the approval of the governor and the oath of office indorsed thereon, shall be filed with the secretary of state and kept in his office. (103 v. 528 Sec. 1.)*

Superintendent nor examiners shall be interested in, or borrow money from banks.

SECTION 717. Neither the superintendent of banks nor the examiners appointed by him shall be interested directly or indirectly in any national banking association or in any bank or other corporation or association under their supervision, or be engaged in the business of banking. Neither the superintendent of banks, the deputy superintendent of banks, or any examiner, deputy or clerk connected with the department of the superintendent of banks shall directly or indirectly borrow money from any corporation, person or association under the supervision of the superintendent of banks. (103 v. 379 Sec. 12.)

Certificates and copies; evidence.

SECTION 718. Each certificate or other instrument executed or ordered made by the superintendent of banks in pursuance of authority conferred upon him by law, and sealed with the seal of his office, or copies thereof duly authenticated under such seal, shall be received in evidence in all courts of the state. (99 v. 288 Sec. 89.)

Office.

SECTION 719. The superintendent of banks shall be furnished by the state suitable rooms at the seat of government for conducting the business of his office. (99 v. 288 Sec. 90.)

Official seal.

SECTION 31. The seal of the superintendent of banks shall be one and three-fourths inches in diameter, shall have engraved thereon the coat of arms of the state, and shall be surrounded by the words: "The superintendent of banks of the state of Ohio." (103 v. 405 Sec. 1.)

How proceedings shall be brought.

SECTION 732. All suits or proceedings brought by the superintendent of banks under authority of law, or to collect any penalty or forfeiture, shall be brought in the name of the state upon his relation, and shall be conducted under the direction and supervision of the attorney general. (99 v. 291 Sec. 102.)

Copies of records and papers evidence.

SECTION 733. Copies of all records and papers in the office of the superintendent of banks, certified by him, and authenticated by his seal of office, shall be evidence in all cases equally and with like effect as the original. (99 v. 291 Sec. 103.)

Salary of superintendent.

SECTION 2250. The salary of the superintendent of banks shall be five thousand dollars per annum. (99 v. 288 Sec. 82.)

* NOTE.—Section 85 of the Thomas Banking Act provided for the bonding of the examiners in the sum of $10,000 each, but this provision seems to have been omitted in the recent codification of the statutes of the state.

When payable.

SECTION 2260. The salary of the superintendent of banks shall be payable semi-monthly. (65 v. 3 Sec. 1.)

Annual report.

SECTION 743. At the end of each fiscal year, the superintendent of banks shall make an annual report to the governor, which report shall exhibit:

a. A summary of the state and condition of every incorporated bank, savings bank, savings and trust company, safe deposit and trust company, society for savings, savings society, or other corporation included within this chapter, from which reports have been received during the year, with an abstract of the whole amount of capital returned by them, the whole amount of their debts and liabilities, the total amount of means and resources, separating the reports of the various kinds of corporations, and specifying the amount of lawful money held by them at the time of their several returns, and such other information in relation to such banks, societies and associations as in his judgment may be required;

b. A statement of the banks, societies or associations whose business has been closed during the year, the amount of their resources and liabilities, and the amount paid to the creditors thereof;

c. The names and compensation of the deputies, assistants, clerks and examiners employed or appointed by him, and the whole amount of expenses of the banking department during the year;

d. The amount of fees and charges received from such banks, societies and associations, and penalties collected and paid into the state treasury;

e. A statement of the banks, societies or associations liquidated or in process of liquidation by the superintendent of banks, and the status of affairs of each of said banks, societies or associations at the time of said report, including the amount of their resources and liabilities and the nature of the same and the amounts paid the creditors. (101 v. 276 Sec. 1.)

Report shall be printed.

SECTION 744. Such reports shall be printed in like manner and the expense thereof paid as provided by law for the publication of the reports of state officers. 101 v. 347.)

EXAMINATIONS.

Expenses of special examination.

SECTION 720. In case a corporation, company, society or association requests the superintendent of banks to make a special examination under the provisions of this chapter, the expenses thereof shall be paid by the corporation, company, society or association making the request. (99 v. 289 Sec. 92.)

Examination upon request.

SECTION 721. When requested in writing upon the authority of the board of directors or the stockholders of any banking institution to make an examination of such bank, the superintendent of banks shall comply therewith, if in his opinion such examination is desirable. (99 v. 289 Sec. 93.)

Moneys received for special examinations, how deposited.

SECTION 722. The moneys received by the superintendent of banks for special examinations shall be deposited and paid by him into the state treasury to the credit of the banking department fund to reimburse all sums advanced from the treasury for such expenses. (99 v. 289 Sec. 94.)

Restrictions as to compensation.

SECTION 723. Neither the superintendent of banks nor any examiner, clerk or person employed in his office shall take or receive directly or indirectly compensation for services or extra services rendered in the banking department other than that allowed by law. (99 v. 289 Sec. 95.)

Examinations twice each year.

SECTION 724. At least twice each year, and also when requested by the board of directors or trustees thereof, the superintendent of banks or an examiner appointed for that purpose shall thoroughly examine the cash, bills, collaterals or securities, books of account and affairs of each bank, savings bank, safe deposit and trust company, savings and loan society or association incorporated under any law in this state. Such examination shall be made in the presence of the members of the executive committee or a majority thereof. He shall also ascertain if any such corporation, company, society or association is conducting its business in the manner prescribed by law and at the place designated in its articles of incorporation. (99 v. 289 Sec. 96.)

Superintendent or examiner may administer oaths.

SECTION 725. For the purpose of such examination, the superintendent of banks or such examiner may administer oaths to and examine any officer, agent, clerk, customer, depositor or shareholder of such corporation, company, association or society touching its affairs and business. (99 v. 289 Sec. 96.)

May summon witnesses.

SECTION 726. The superintendent of banks may summon in writing under his seal any such officer, agent, clerk, customer, depositor, shareholder or any person resident of the state to appear before him and testify in relation thereto. Whoever, being so summoned, neglects or fails to appear at the time and place specified in the summons, or, having appeared, refuses to be sworn or refuses to answer any pertinent and legal question, shall forfeit and pay one hundred dollars to be recovered with costs by the superintendent of banks and paid into the state treasury to the credit of the banking fund. (99 v. 290 Sec. 97.)

Proceedings for refusal to attend and testify.

SECTION 727. If a person summoned to appear before the superintendent of banks and give testimony under the provisions of this chapter neglects or refuses to answer any pertinent or legal question that may be put to him by the superintendent touching the matter under examination, the superintendent shall apply to the probate court or court of insolvency of the county in which such inquiry is conducted to issue a subpoena to such person to appear before him. (99 v. 290 Sec. 98.)

Penalty.

SECTION 728. Upon such application, the probate judge or judge of the court of insolvency shall issue a subpoena for the appearance of such person or persons forthwith before him to give testimony. Whoever, being so subpoenaed, fails to appear, or appearing, refuses to testify, shall be subject to like proceedings and penalties for contempt as witnesses in actions pending in the probate court or court of insolvency. (99 v. 290 Sec. 98.)

Duty of officers as to inspection of books.

SECTION 729. The officers of any such corporation, company, society or association shall submit its books, papers and concerns to the inspection and examination of the superintendent of banks or any deputy, or duly appointed examiner, and on refusal so to do or to be examined on oath touching the affairs of such corporation, company, society or association, the superintendent of banks may forthwith take possession of the property and business of such corporation, company, society or association and liquidate its affairs and remain in possession of its property and business until its affairs be finally liquidated, as hereinafter provided. (101 v. 276 Sec. 1.)

Deficiency to be made good.

SECTION 730. Whenever it appears from the report of such corporation, company, society or association, or the superintendent of banks has reason to believe that its capital is impaired or reduced below the amount required by law, he shall make examination thereof and ascertain the facts. If he finds such impairment or reduction of capital, he shall require such corporation, company, society or association to make good such deficiency. (99 v. 291 Sec. 100.)

Liquidation in case of insolvency.

SECTION 731. If such corporation, company, society or association refuses or fails after written notice to make good the deficiency appearing or found to exist, the superintendent of banks may forthwith take possession of the property and business of such corporation, company, society or association until its affairs be finally liquidated by him, as hereinafter provided. (101 v. 276 Sec. 1.)

Examinations shall be made without previous notice.

SECTION 734. All examinations required to be made by the superintendent of banks under the provisions of this chapter shall be made without previous notice to the corporation, company, society or association to be examined. (99 v. 291 Sec. 104.)

Expenses of special examination.

SECTION 735. When an examination is made at the special instance and request of such corporation, company, society, or association, the expense incurred and the services performed shall be paid by the one examined, and the charges collected shall be paid into the state treasury by the superintendent of banks to the credit of the banking fund. (99 v. 291 Sec. 105.)

FEES TO BE PAID TO THE SUPERINTENDENT OF BANKS BY BANKS.

Annual fees to be paid on or before Nov. 15.

SECTION 736. That for the purpose of maintaining the department of the superintendent of banks and the payment of expenses incident thereto, and especially the expenses of inspection and examination, the following fees shall be paid to the superintendent of banks of Ohio:

(a) Each company, firm, corporation, person, association and copartnership which under the laws of Ohio is subject to inspection and examination by the superintendent of banks, shall pay to the superintenednt of banks on or before the fifteenth day of November in each year the sum of thirty dollars, and in addition thereto one seventy-fifth of one per cent of the total aggregate resources of such company, firm, corporation, person, association or co-partnership in excess of one hundred thousand dollars as shown by the report of the condition of each such company, firm, corporation, person, association or co-partnership made last before October fifteenth of such year; provided, however, that in no event is such total fee to exceed the sum of twelve hundred and fifty dollars in any one year.

Initial fee.

(b) Each company, firm, corporation, person, association and copartnership desiring and intending to transact business in this state, which will be subject to inspection and examination by the superintendent of banks, shall pay to the superintendent of banks for the preliminary examination required by law to be made by the superintendent of banks a fee of thirty dollars, such fee to be paid before a certificate is granted to such company, firm, corporation, person, association or co-partnership, authorizing it to commence business in this state.

Foreign trust companies.

(c) Each foreign trust company desiring and intending to do business in this state shall pay to the superintendents of banks a fee of fifty dollars for issuance to it of a certificate authorizing it to transact business in this state. Such fee to be paid before such certificate is issued. (103 v. 180 Sec. 1.)

Penalty if not paid on or before Nov. 15.

SECTION 736-1 Every company, firm, corporation, person, association or co-partnership which fails or neglects to pay the fee provided by paragraph "a" of section 1 of this act on or before the fifteenth day of November of each year shall be subject to a penalty of one hundred dollars for each day after said date that such fee remains unpaid.

The superintendent of banks shall maintain an action against the delinquent company, firm, corporation, person, association or co-partnership in the common pleas court of Franklin county, Ohio, or of the county in which the business of such company, firm, corporation, person, association or co-partnership is carried on, for the collection of such fee and the penalty herein imposed. (103 v. 180 Sec. 2.)

All fees turned over to treasurer of state.

SECTION 736-2. The superintendent of banks shall pay all money received by him under the provisions of this act into the state treasury to the credit of the general revenue fund of the state. (103 v. 181 Sec. 3.)

REPORTS.

Reports of banking companies to the superintendent of banks.

SECTION 737. Not less than four times during each calendar year each banking company, savings bank, savings and trust company, safe deposit and trust company, society for savings, or savings society, chartered or incorporated under any law in this state, and every person or co-partnership doing a banking business shall make a report to the superintendent of banks. Such report shall be made at such times as required by the superintendent on forms prescribed and furnished by him, and, so far as possible, they shall be made on the same day on which reports are required from national banking associations by the comptroller of the currency. (99 v. 292 Sec. 108.)

How reports shall be verified.

SECTION 738. Such reports shall be verified by the oath or affirmation of the president, vice-president, cashier, secretary or treasurer thereof, and shall exhibit in detail, and under appropriate heads, a true statement of the resources, assets and liabilities of such banking company, savings bank, society or association, at the close of business of any past day by him specified, which day shall be the same for all corporations required to make such reports. (99 v. 292 Sec. 109.)

Reports shall be published in newspapers.

SECTION 739. Such reports shall be transmitted to the superintendent within ten days after the receipt of the request therefor from him, and shall be published in a newspaper in the city, town or county where the company is located, and, if there is none, then in a newspaper of general circulation in an adjoining county. A copy of such publication shall be furnished to the superintendent of banks. (99 v. 292 Sec. 110.)

Special reports.

SECTION 740. The superintendent of banks may call for special reports whenever in his judgment they are necessary to inform him fully of the conditions of any companies, societies and corporations, which reports shall be verified as provided by this chapter for other reports to the superintendent. (99 v. 292 Sec. 111.)

Penalty for failure to make reports.

SECTION 741. Every company, corporation, society or association failing to make and transmit to the superintendent of banks any of the reports required by this chapter, or failing to publish the reports as required by law, shall forthwith be notified by the superintendent, and, if such failure continues for ten days after receipt of such notice, such delinquent company, society or association shall be subject to a penalty of one hundred dollars for each day after the time required for making such report. In case of delay or refusal to pay the penalty herein imposed for failure to make and transmit a report, the superintendent shall maintain an action against the delinquent company, society or association, for the recovery of such penalty, and all sums collected by such action or paid as such penalty shall be paid into the state treasury to the credit of the banking fund. (99 v. 292 Sec. 112.)

PRIVATE BANKS.

Const. Art. XIII, Sec. 3: (Last Paragraph.)

Constitution of Ohio—1912.

* * No corporation not organized under the laws of this state, or of the United States, or person, partnership or association shall use the word "bank," "banker" or "banking," or words of similar meaning in any foreign language, as a designation or name under which business may be conducted in this state unless such corporation, person, partnership or association shall submit to inspection, examination and regulation as may hereafter be provided by the laws of this state.

Use of word bank, banking, etc., prohibited unless supervision submitted to.

SECTION 744-1. That no corporation not organized under the laws of this state, or of the United States, or person, partnership or association, shall use the word "bank" "banker" or "banking" or "trust" or "trust company", or words of similar meaning in any foreign language, as a designation or name under which business may be conducted in this state unless such corporation, person, partnership or association shall submit to inspection, examination and regulation, as provided in this act. The superintendent of banks shall execute all laws in relation to corporations organized under the laws of this state or of the United States, persons, partnerships and associations using the word "bank", "banker" or "banking", or trust" or "trust company", or words of similar meaning in any foreign language as a designation or name under which business is conducted in this state. (103 v. 379 Sec. 1.)

Detailed statement to be filed with secretary of state.

SECTION 744-2. Every corporation not organized under the laws of this state, or of the United States, or person, partnership or association using the word "bank", "banker" or "banking" or "trust" or "trust company" or words of similar meaning in any foreign language as a designation or name under which business may be conducted in this state, now transacting or hereafter desiring to transact a banking business in this state, shall, under oath file with the secretary of state a full, complete detailed statement of,

1. Name of the bank or proposed bank.

2. A copy of the articles of co-partnership or agreement, under which the business of the bank is being or is to be conducted, which shall be executed and acknoledged by all of the parties interested therein, and at least one of whom shall be at all times a resident of the state of Ohio. If the banking business is being or is to be transacted or carried on by an individual, such individual shall at all times, while engaged in such banking business, be a resident of the state of Ohio, and the statement herein required shall show such. Information to be filed.

3. The county and city or village in which the bank is to be located, and the business carried on.

4. A statement of the responsibility and the net worth of the individual members of such corporation, person, partnership or association.

5. If not disclosed in the articles of co-partnership or agreement, then the name of the officers, agents or employes in active charge of the management of the business of the bank. Every such corporation, person, partnership or association now doing a banking business in this state shall on or before January 1, 1914, file with the secretary of state a detailed statement as provided herein. The secretary of state in filing said statements shall be governed by the provisions of sections 9705 and 9706 of the General Code of Ohio.

No such corporation, person, partnership or association shall transact business except such as is essential or necessarily preliminary to its organization until it has been authorized by the superintendent of banks.

In authorizing said banks to commence business and issuing a certificate to that effect, the superintendent of banks and such corporation, person, partnership or association shall be governed by the provisions of sections 9720, 9721, 9722 and 9723 of the General Code. (103 v. 279 Sec. 2.)

Section 744-3. If upon examination of the facts which may come to the knowledge of the superintendent of banks, whether by means of a special commission appointed by him for the purpose of inquiring into the conditions of such applicants or otherwise, the superintendent of banks finds that such person or firm is lawfully entitled to commence business, he shall give a certificate under his hand and official seal that they or he have complied with the law, and are authorized to commence business. But the superintendent of banks may withhold such certificate when he has reason to believe that such person or firm has been formed for any other purpose than the legitimate business herein contemplated, or that the character and general fitness of the person or firm named in the application are not such as to command the confidence of the community in which such bank is proposed to be located, or that the public convenience and advantage will not be promoted by its Certificate of authority to commence business.

establishment. If the superintendent of banks withholds a certificate for any of the reasons named in this section, an appeal may be made to a board composed of the governor, attorney general and superintendent of banks, whose decision shall be final. (103 v. 379 Sec. 3.)

When superintendent authorized to take possession of property and business of a corporation, person, etc., for purpose of liquidation.

SECTION 744-4. Upon becoming satisfied that a corporation not organized under the laws of this state, or of the United States, or person, partnership or association, using the word "bank", "banker", or "banking" or "trust" or "trust company", or words of similar meaning in any foreign language, as a designation or name under which business is conducted in this state, has refused to pay its depositors in accordance with the terms on which such deposits were received, or that such corporation, person, partnership, or association has become otherwise insolvent, or that it is conducting its business in an unsafe or unauthorized manner, or from any report or examination provided for by law, the superintendent shall have reason to conclude that such corporation, person, partnership or association is in an unsound or unsafe condition to transact the business for which it was organized, or that it is unsafe for it to continue business, the superintendent of banks forthwith may take possession of the property and the business of such corporation, person, partnership, or association, until its affairs be finally liquidated as provided by law. The superintendent of banks shall not take possession of the property and business of any such corporation, person, partnership or association which was doing business in this state prior to the time of the passage of this act for the failure to comply with the provisions of this act, as to transactions made prior to the passage of this act or renewals or settlements and adjustments of such transactions, where the examination provided for in this act discloses, or any such corporation, person, partnership, or association, shows to the satisfaction of the superintendent of banks, that the interests of its depositors, creditors and stockholders will not be endangered by permitting it to transact its regular business. (103 v. 379 Sec. 4.)

Posting of notice that bank is private bank.

SECTION 744-5. Every such corporation, person, partnership or association shall post in the room in which it transacts its business, and in plain view of its customers, a printed list of all the owners of, and parties interested in, such bank, and statement that the bank is a private bank. Should the interests of any members of such corporation, partnership or firm, or of an individual doing a banking business under the provisions of this act, change either by death, devise, sale or otherwise, then and in that case the superintendent of banks of the state of Ohio shall be notified of such change and notice printed and posted in the room of any such bank as herein provided. No such bank shall advertise by newspaper, letterhead, or in any other way, a larger capital than has been actually paid in. (103 v. 379 Sec. 5.)

Word "unincorporated" upon all advertising, stationery, etc.

SECTION 744-6. That all persons, partnerships or associations that shall engage in business under the purview of this act, shall have printed on all their advertising matter and business stationery, the word "unincorporated" immediately following the name of the firm or business title.

Depositors shall have first lien upon all assets.

The depositors in any bank shall have first lien on the assets of such bank, in case it is wound up to the amount of their several deposits, and for any balance remaining unpaid, such depositors shall share in the general assets of the owner or owners alike with the general creditors.

Reserve.

Every such corporation, person, partnership, or association shall keep as a reserve at least fifteen per cent of the total deposits; such reserve may be in lawful currency kept in the vaults of the bank, or may be invested in the securities named in the paragraphs b and c of section 9758, or the bonds of any city or county within this state, or kept subject to demand in other banks or trust companies designated by such bank with the approval of the superintendent of banks of Ohio. (103 v. 379 Sec. 6.)

Reports filed in office of superintendent of banks.

SECTION 744-7. That all reports received from persons, partnerships and associations engaged in, and all applications received from persons, partnerships or associations desiring to engage in business within the purview of this act, shall be kept on file in the office of the superintendent of banks, and open to the inspection of all persons, at the discretion of the superintendent of banks. (103 v. 379 Sec. 7.)

Dissolution.

SECTION 744-8. Upon the failure of any person, persons, partnership or association coming within the purview of this act, to comply with it in any particular, the superintendent of banks shall proceed at once to take charge of their affairs and proceed with their dissolution with full power and authority as provided for other cases in section 4 of this act. (103 v. 379 Sec. 8.)

Sections of general code governing conduct and business of banking institutions, incorporated and private.

SECTION 744-9. Sections 720, 724, 725, 729, 734, 735, 737, 738, 740, 741, 742, 742-1, 742-2, 742-3, 742-4, 742-5, 742-6, 742-7, 742-8, 742-9, 742-10, 742-11, 742-12, 742-13, 742-14, 742-16 and 743 of the General Code of Ohio shall refer to and include every and all corporations not organized under the laws of this state or of the United States, persons, partnerships and associations using the word "bank", "banker" or "banking" or "trust" or "trust company" or words of similar meaning in any foreign language as a designation or name under which business is or may be conducted in this state, and every such corporation, person, partnership or association shall be governed by and shall conduct all their business and transactions as provided in said sections in the same manner as if such corporations, persons, partnerships or associations were specifically mentioned in each of said sections; and every such corporation, person, partnership or association shall do and perform

all things required by each and all said sections, and the superintendent of banks shall have the power and authority over such corporations, persons, partnerships and associations, as is given to him over banking corporations in Ohio by said sections; and each and every other section of the General Code of Ohio providing for the inspection, examination and regulation of banking corporations, except the provisions as to capital stock and the amount of loans and investments computed on the basis of Capital stock, and except the provisions for the publication of reports, shall be held to apply to each and every such corporation, person, partnership or association so for as the said sections and parts of sections may be applicable. (103 v. 379 Sec. 9.)

Private banks not compelled to publish reports.

Penalty for certifying check without deposit sufficient to cover.

SECTION 744-10. Whoever, being connected with or serving, or being an officer, employe, agent or director of a corporation not organized under the laws of this state, or the United States, or person, partnership or association using the word "bank", "banker", or "banking" or "trust" or "trust company", or words of similar meaning in any foreign language as a designation or name under which business is conducted in this state, wilfully certifies a check drawn on such corporation, person, partnership or association and fails forthwith to charge the amount thereof against the account of the person, firm or corporation drawing it, or wilfully certifies a check drawn upon such corporation, person, partnership or association, unless the person, firm or corporation drawing it has on deposit with such corporation, person, partnership or association an amount of money subject to the payment of such check and eqaul to the amount specified therein, or resorts to a device, receives a fictitious obligation in order to evade that provision of this section, or certifies a check before the amount thereof has been regularly entered to the credit of the drawer thereof upon the books of such corporation, person, partnership or association, shall be fined not more than five thousand dollars or imprisoned in the penitentiary not less than one year nor more than five years, or both. (103 v. 379 Sec. 10.)

Fine and imprisonment for false certification.

Penalty for receiving or permitting an employe to receive deposits when bank is insolvent.

SECTION 744-11. Whoever, being connected with or serving, or being an officer, employe, agent or director, of a corporation not organized under the laws of this state, or of the United States, or person, partnership or association, using the word "bank", "banker" or "banking" or "trust" or "trust company" or words of similar meaning in any foreign language, as a designation or name under which business is conducted in this state, receives, or permits an employe to receive money, checks, drafts or other property as a deposit therein when he has knowledge that it is insolvent, or wilfully and fraudulently issues or puts forth a certificate of deposit, draws an order or a bill of exchange, makes an acceptance, assigns a note, bond, draft,

bill of exchange, mortgage, judgment of decree, or makes a false entry in a book, report or statement of such corporation, person, partnership or association, or fictitiously borrows or solicits, obtains or receives money for said corporation, person, partnership or association not in good faith intended to be and not the property of such corporation, person, partnership, or association, with intent to defraud or injure such corporation, person, partnership or association, or another corporation, or person, or to deceive an officer or such corporation, person, partnership or association or an agent appointed to examine the affairs of such corporation, person partnership or association, or publishes a false statement or report relating to the financial condition of such corporation, person, partnership or association, with intent to defraud or injure it or another corporation or person, shall be fined not more than five thousand dollars or imprisoned in the penitentiary for more than ten years, or both. (103 v. 379 Sec. 11.)

Penalty for false entry, fraudulent certificate of deposit, etc.

SECTION 744-12. That whenever any of the funds of the state, or of any of the political subdivisions of the state, shall be deposited under any of the depository laws of the state, every corporation, person, partnership and association coming within the purview of this act shall be permitted to bid upon and be designated as depositories of such funds, upon furnishing such surety or securities therefor as is prescribed by the laws of the state of Ohio; provided, however, that there shall not be deposited with any such corporation, person, partnership, or association by any such political subdivision an amount in excess of $500,000, nor in any event an amount in excess of fifty (50) per cent. of the amount of the funds of such political subdivision so at any time to be deposited. (103 v. 379 Sec. 13.)

Right to bid for deposit of public funds.

SECTION 744-13. This act shall go into effect July first, 1914, except that every corporation not organized under the laws of this state or of the United States, person, partnership or association, using the word "bank", "banker" or "banking" or "trust" or "trust company" or words of similar meaning in any foreign language, as a designation or name under which business is conducted in this state, shall, on and after September first, 1913, make reports to the superintendent of banks of Ohio in the manner and form as provided in sections 737, 738, and 741 of the General Code of Ohio which shall apply to and govern all such corporations, persons, partnerships or associations; provided further that at any time after September first, 1913, the superintendent of banks of Ohio, when he has reason to believe from any report made by any such corporation, person, partnership or association, or otherwise, that such corporation, person, partnership or association is in a failing or insolvent condition he may make an examination of any such corporation, person, partnership or association as provided by section 730 of the General Code, and upon his

Private banks must make reports and be subject to inspection on and after Sept. 1, 1913, other provisions effective July 1, 1914.

Statements must be filed with secretary of state on or before January 1, 1914.

finding any such corporation, person, partnership, or association to be insolvent or in a failing condition he may take charge of the same and proceed to liquidate its affairs as provided by law for the liquidation of banking corporations of this state; provided further that section 2 of this act shall go into effect on January first, 1914. (103 v. 379 Sec. 15.)

LIQUIDATION.

Possession by superintendent.

SECTION 742. Whenever in this act it is provided that the superintendent of banks may take possession of the property and business of any corporation, company, commercial bank, savings bank, safe deposit company, trust company, or any combination of two or more of such classes of business or society for savings, or banking association, doing business under the provisions of the banking laws of this state, to liquidate its affairs, the superintendent of banks shall take possession of and administer the assets of such company or association as herein provided. (101 v. 276 Sec. 1.)

Notice of insolvency.

SECTION 742-1. Upon taking possession of the property and business of any such corporation, company, society, or association, the superintendent of banks shall forthwith give written notice of such fact to all banks, trust companies, associations and individuals holding or in possession of any assets of such corporation, company, society or association. No bank, trust company, association or individual knowing that the superintendent of banks has taken possession of such company or association, shall have a lien or charge for any payment advanced or any clearance thereafter made, or liability thereafter incurred against any of the assets of the corporation, company, society or association of whose property and business the superintendent of banks shall have taken possession. Such corporation, company, society or association may with the consent of the superintendent of banks, resume business upon such conditions as may be approved by him. (101 v. 276 Sec. 1.)

Administration of trust.

SECTION 742-2. Upon taking possession of the property and business of such corporation, company, society or association, the superintendent of banks is authorized to collect money due to such corporation, company, society or association, and to do such other acts as are necessary to preserve its assets and business, and shall proceed to liquidate the affairs thereof, as hereinafter provided. The superintendent of banks shall collect all debts due and claims belonging to it, and upon the order of the common pleas court in and for the county in which the office of such corporation, company, society or association was located, may sell or compound all bad or doubtful debts, and on like order may sell all the real estate and personal property of

such corporation, company, society or association, on such terms as the court shall direct; and the superintendent of banks upon the terms of sale or compromise directed by the court, shall execute and deliver to the purchaser of such real or personal property, such deeds or instruments as shall be necessary to evidence the passing of the title; and if said real estate is situated outside the county in which the office of the corporation, company, society or association, was located, a certified copy of such order authorizing and ratifying said sale shall be filed in the office of the recorder of the county within which said property is situated; and may, if necessary to pay the debts of such corporation, company, society or association, enforce the individual liability, if any, of the stockholders. The superintendent of banks may under his hand and official seal appoint one or more special deputy superintendents of banks as agent or agents to assist him in the duty of liquidation and distribution, a certificate of appointment to be filed in the office of the superintendent of banks and a certified copy in the office of the clerk of the county in which the office of such corporation, company, society or association was located. The superintendent of banks shall require from such agent or agents such surety for the faithful discharge of their duties as he may deem proper. All bonds given shall be deposited with the secretary of state and kept in his office. (103 v. 528 Sec. 1.)

Superintendent may appoint special deputies to assist in liquidation.

SECTION 742-3. The superintendent of banks shall cause notice to be given by advertisement in such newspaper as he may direct weekly for three consecutive months, calling on all persons who may have claims against such corporation, company, society or association, to present the same to the superintendent of banks, and to make legal proof thereof at a place and within a time not earlier (later) than the last day of publication to be therein specified. The superintendent of banks shall mail a similar notice to all persons whose names appear as creditors upon the books of the corporation, company, society or association. If the superintendent of banks doubts the justice and validity of any claim, he may reject the same and serve notice of such rejection upon the claimants, either by mail or personally, and an affidavit of the service of such notice, which shall be prima facie evidence thereof, shall be filed in his office. An action upon a claim so rejected must be brought within six months after such service. Claims presented and allowed after the expiration of the time fixed in the notice to creditors, shall be entitled to be paid the amount of all prior dividends therein if there be funds sufficient therefor and share in the distribution of the remaining assets in the hands of the superintendent of banks equitable applicable thereto. (101 v. 276 Sec. 1.)

Notice to creditors.

Expenses of liquidation; how paid.

SECTION 742-4. The expenses incurred by the superintendent of banks in the liquidation of any bank in accordance with the provisions of this act, shall include the expenses of deputy or assistants, clerks and examiners employed in such liquidation, together with reasonable attorney fees for counsel employed by said superintendent of banks in the course of such liquidation. Such compensation of counsel, of deputies or assistants, clerks and examiners in the liquidation of any corporation, company, society or association, and all expenses of supervision and liquidation shall be fixed by the superintendent of banks, subject to the approval of the common pleas court of the county in which the office of such corporation, company, society or association was located on notice to such corporation, company, society or association. The expense of such liquidation shall be paid out of the property of such corporation, company, society or association in the hands of said superintendent of banks, and such expenses shall be a valid charge against the property in the hands of said superintendent of banks and shall be paid first, in the order of priority. (101 v. 276 Sec. 1.)

Inventory.

SECTION 742-5. Upon taking possession of the property and assets of such corporation, company, society or association, the superintendent of banks shall make an inventory of the assets of such corporation, company, society or association in duplicate,—one to be filed in the office of the superintendent of banks, and one in the office of the clerk of the county in which the office of such corporation, company, society or association was located; upon the expiration of the time fixed for the presentation of claims, the superintendent of banks shall make in duplicate a full and complete list of the claims presented, including and specifying such claims as have been rejected by him, of which one shall be filed in the office of the superintendent of banks, and one in the office of the clerk of the county in which the office of such corporation, company, society or association was located. And the superintendent of banks shall in like manner make and file supplemental lists showing all claims presented subsequent to the filing of the first list.—such supplemental lists to be filed at least fifteen days before the declaration of any dividend, and in any event such supplemental lists shall be filed at intervals of not exceeding six months. Such inventory and list of claims shall be open at all reasonable times for inspection. (101 v. 276 Sec. 1.)

Deposit of funds collected.

SECTION 742-6. The moneys collected by the superintendents of banks shall be from time to time deposited in one or more state banks of deposit, savings banks, or trust companies, subject to his order as herein provided. (101 v. 276 Sec. 1.)

Dividends; when and how declared.

SECTION 742-7. At any time after the expiration of the date fixed for the presentation of claims, the superin-

tendent of banks may, out of the funds remaining in his hands after the payment of expenses, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors, he may declare a final dividend,—such dividends to be paid to such persons and in such amounts and upon such notice as may be directed by the common pleas court of the county in which the office of such corporation, company, society or association was located. (101 v. 276 Sec. 1.)

Rejected claims.

SECTION 742-8. Objections to any claim not rejected by the superintendent of banks may be made by any party interested by filing a copy of such objection with the superintendent of banks, who shall present the same to the common pleas court of the county in which the office of such corporation, company, society or association was located, upon written notice to the party filing the same, said notice setting forth the time and place of the presentation. The court upon return day of said notice shall hear the objections raised to said claim, or refer the determination of said objections to a referee for report, or upon demand of either the superintendent of banks or the party filing the objections direct that the issues be tried before a jury. The court may make proper provision for unproved and unclaimed deposits. (101 v. 276 Sec. 1.)

Enjoining superintendent.

SECTION 742-9. Whenever any such corporation, company, society or association of whose property and business the superintendent of banks has taken possession, as aforesaid, deems itself aggrieved thereby, it may at any time within ten days after taking such possession apply to the common pleas court of the county in which the office of such corporation, company, society or association was located, to enjoin further proceedings, and said court, after citing the superintendent of banks to show cause why further proceedings should not be enjoined, and hearing the allegation and proofs of the parties and determining the facts, may, upon the merits, dismiss such application or enjoin the superintendent of banks from further proceedings, and direct him to surrender such business and property to such corporation, company, society or association. (101 v. 276 Sec. 1.)

Institution may appoint receiver upon authority of court.

SECTION 742-10. No receiver shall be appointed by any court, nor shall any deed of assignment for the benefit of creditors be filed in any probate court or court of insolvency, within this state, for any incorporated bank, savings bank, savings and trust company, safe deposit and trust company, society for savings, savings society, or any combination of same doing business under the laws of this state except upon notice to the superintendent of banks, unless in case of urgent necessity it becomes in the judgment of the court necessary so to do in order to preserve the assets of such corporation, company, society or association. The

superintendent of banks may within five days after the service of such notice upon him take possession of such corporation, company, society or association, in which case no further proceedings shall be had upon such application for the appointment of receiver or under such deed of assignment, or, if a receiver has been appointed or such assignee shall have entered upon the administration of his trust, such appointment shall be vacated or such assignee shall be removed upon application of the superintendent of banks to the proper court therefor, and the superintendent of banks shall proceed in all such cases to administer the assets of such corporation, company, society or association as herein provided. (101 v. 276 Sec. 1.)

Liquidation by superintendent.

SECTION 742-11. Whenever the superintendent of banks shall have paid to each depositor and creditor of such corporation, company, society or association (not including stockholders) whose claim or claims as such depositor or creditor shall have been duly proved and allowed, the full amount of such claims, and shall have made proper provision for unclaimed or unpaid deposits or dividends, and shall have paid all the expenses of the liquidation, the superintendent of banks shall call a meeting of the stockholders of such corporation, company, society or association, by giving notice thereof for thirty days in one or more newspapers published in the county wherein the office of such corporation, company, society or association was located. (101 v. 276 Sec. 1.)

Final liquidation by superintendent.

SECTION 742-12. At such meeting the stockholders shall determine whether the superintendent of banks shall continue to administer its assets and wind up the affairs of such corporation, company, society or association, or whether an agent or agents shall be elected for that purpose; and in so determining the said stockholders shall vote by ballot in person, or by proxy, each share entitling the holder to one vote and the majority of the stock shall be necessary to a determination. In case it is determined to continue the liquidation under the superintendent of banks, he shall complete the liquidation of the affairs of such corporation, company, society or association, and after paying the expenses thereof shall distribute the proceeds among the stockholders in proportion to the several holdings of stock, in such manner and upon such notice as may be directed by the common pleas court of the county in which the office of such corporation, company, society or association was located. (101 v. 276 Sec. 1.)

Final liquidation by agent; discharge of superintendent.

SECTION 742-13. In case it is determined to appoint an agent or agents to liquidate, the stockholders shall thereupon select such agent or agents by ballot,—a majority of the stock present and voting, in person or by proxy, being necessary to a choice. Such agent or agents shall file with the superintendent of banks a bond to the state of Ohio in

such amount and with such sureties as shall be approved by the superintendent of banks for the faithful performance of all the duties of his or their trust, and thereupon the superintendent of banks shall transfer to such agent or agents all the undivided or uncollected or other assets of such corporation, company, society or association then remaining in his hands; and upon such transfer and delivery the said superintendent of banks shall be discharged from all further liability to such corporation, company, society or association and its creditors. (101 v. 276 Sec. 1.)

Distribution of remaining assets by agent.

SECTION 742-14. Such agent or agents shall convert the assets coming into his or their possession into cash, and shall account for and make distribution of the property of such corporation, company, society or association as herein provided in the case of distribution by the superintendent of banks, except that the expenses thereof shall be subject to the direction and control of the common pleas court of the county in which the office of such corporation, company, society or association was located. (101 v. 276 Sec. 1.)

Inability of agent to act.

SECTION 742-15. In case of death or removal or refusal to act of any such agent, or agents, the stockholders may elect a successor as hereinbefore provided who shall have the same powers and be subject to the same liabilities and duties as the agent, or agents, originally elected. (101 v. 276 Sec. 1.)

Final distribution by superintendent.

SECTION 742-16. Dividends and unclaimed deposits remaining in the hands of the superintendent of banks for six months after the order for final distribution shall be by him deposited in one or more state banks of deposit, savings banks or trust companies to the credit of the superintendent of banks in his name of office, in trust for the several depositors or creditors entitled thereto. The superintendent of banks may pay over the moneys so held by him to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In cases of doubt or conflicting claims he may apply to the common pleas court of the county in which the office of such corporation, company, society or association was located for an order authorizing and directing the payment thereof. He may apply the interest earned by the money so held by him towards defraying expenses of the payment and distribution of such unclaimed deposits or dividends to the depositors and creditors entitled to receive the same, and he shall include in his annual report to the governor a statement of the amount of interest earned by such unclaimed dividends. (101 v. 276 Sec. 1.)

Possession and liquidation; reasons for.

SECTION 9749. On becoming satisfied that a corporation has refused to pay its depositors in accordance with the terms on which such deposits were received (if received

under the provisions of this chapter, Chap. 2, Div. V, Title IX), or that such corporation has become otherwise insolvent, or that its capital has been impaired for a period of ninety days, or is conducting its business in an unsafe or unauthorized manner, or if from any examination or report provided for by this chapter the superintendent shall have reason to conclude that such corporation is in an unsound or unsafe condition to transact the business for which it was organized, or that it is unsafe for it to continue business, the superintendent of banks forthwith may take possession of the property and business of such corporation until its affairs be finally liquidated, as herein provided. The superintendent of banks shall not take possession of the property and business of any such corporation which was incorporated under the laws of this state and transacting business at the time of the passage of this act for failure to comply with the provisions of this act, as to transactions made prior to the passage of this act or renewals or settlements and adjustments of such transactions, where the examinations provided for in this act disclose, or any such corporation shows to the satisfaction of such superintendent of banks, that the interest of its depositors, creditors and stockholders will not be endangered by permitting it to continue to transact its regular business. (101 v. 276 Sec. 1.)

Notice of appointment.

SECTION 9750. Notice of the appointment of such receiver shall be given by advertisement in some newspaper published in the city, village or county where such corporation is located, for six consecutive weeks, calling upon all persons who have claims against it to present them to such receiver, and make legal proof thereof. (99 v. 278 Sec. 42.)

Voluntary liquidation.

SECTION 9747. A corporation organized under this chapter, may go into liquidation and be closed by the vote of its stockholders owning two-thirds of its stock in number and amount. When a vote to go into liquidation is taken, the board of directors shall cause notice of such fact to be certified under seal of the corporation, by its president and secretary, treasurer or cashier, to the superintendent of banks, and publication thereof to be made for a period of four weeks in a newspaper published in the city, village or county in which the corporation is located, that it is closing up its affairs, and notifying creditors to present their claims against the corporation for payment. (99 v. 277 Sec. 39.)

ORGANIZATION AND MANAGEMENT OF BANKS IN GENERAL.

Const. XIII, Sec. 3:

Dues from private corporations shall be secured by such means as may be prescribed by law, but in no case shall any stockholder be individually liable otherwise than for the unpaid stock owned by him or her; except that stockholders of corporations authorized to receive money on deposit shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of such corporation, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. * *

Double liability of stockholders constitution 1912.

CHAP. 2, DIV. V, TITLE IX, GENERAL CODE.

SECTION 9702. Any number of persons, not less than five, a majority of whom are citizens of this state, may associate and become incorporated to establish a commercial bank, a savings bank, a safe deposit company, a trust company, or to establish a company having departments for two or more, or all of such classes of business, upon the terms and conditions and subject to the limitations hereinafter and by law prescribed. (99 v. 269 Sec. 1.)

Incorporation of banks.

SECTION 9703. Such persons shall subscribe and acknowledge before an officer authorized to take acknowledgments of deeds, articles of incorporation, the form of which shall be prescribed by the secretary of state, which must contain:

Articles of incorporation.

a. The name by which such corporation is to be known, which shall begin with the word "The" and end with the word "bank" or "company".

b. The place where its business is to be transacted, designating the particular city, village or township.

c. The purpose for which it is formed, whether that of a commercial bank, savings bank, safe deposit company, trust company, or a combination of two or more or all, of such classes of business.

d. The amount of its capital, which shall be divided into shares of one hundred dollars each. (102 v. 171 Sec. 1.)

SECTION 9704. The capital stock of a commercial bank shall not be less than twenty-five thousand dollars; of a savings bank, not less than twenty-five thousand dollars; of a commercial bank and savings bank, not less than twenty-five thousand dollars; of a safe deposit company, not less than twenty-five thousand dollars; of a commercial bank and safe deposit company, not less than twenty-five thousand dollars; of a savings bank, commercial bank and safe deposit company, not less than fifty thousand dollars; of a trust company, not less than one hundred thousand dollars; of a trust company and safe deposit company, not less than one hundred thousand dollars; of a trust com-

Capital stock.

pany and savings bank, not less than one hundred thousand dollars; of a trust company, savings bank and safe deposit company, not less than one hundred and twenty-five thousand dollars; and of a trust company, savings bank, commercial bank and safe deposit company, not less than one hundred and twenty-five thousand dollars. (99 v. 269 Sec. 2.)

Certificate of clerk of court.

SECTION 9705. The official character of the officer before whom the acknowledgment of articles of incorporation is made, shall be certified by the clerk of court of common pleas of the county in which the acknowledgment is taken, and the articles shall be filed in the office of the secretary of state. If they are in conformity to law, the secretary of state shall record them, and furnish one certified copy thereof to the incorporators of such corporation, and another certified copy to the superintendent of banks, to be by him filed in his office. (99 v. 269 Sec. 3.)

Duties of secretary of state.

SECTION 9706. The secretary of state shall not file or record any such articles of incorporation in which the name of the corporation is likely to mislead the public as to the character or purpose of the business authorized by its charter, or is the same as one already adopted or appropriated by an existing corporation of this state, or so similar thereto as to be likely to mislead the public, unless the place of business of such company is to be located in a county other than the one in which the corporation bearing such similar name is then doing business, and the corporation so adopting such name adds thereto the words "of ....." (indicating thereby the name of the city, village or township in which its principal place of business is situated). (99 v. 269 Sec. 3.)

Certified copy of articles.

SECTION 9707. A copy of such articles of incorporation, duly certified by the secretary of state, shall be prima facie evidence of the existence of such corporation; and all certificates thereafter filed in the office of the secretary of state relating to such corporation shall be recorded. (99 v. 269 Sec. 3.)

Enumeration of powers.

SECTION 9708. Upon such filing of the articles of incorporation, the persons who subscribe them, their associates, successors, and assigns, by the name designated therein, shall become a body corporate with succession, and, as such, shall have power:

a. To adopt and use a corporate seal, and to alter it at pleasure.

b. To contract and be contracted with:

c. To sue and be sued;

d. To adopt regulations for the government of the corporation, not inconsistent with the constitution and laws of this state:

c. To do all needful acts, to carry into effect the objects for which it was created. (99 v. 270 Sec. 4.)

Regulations, how adopted.

SECTION 9709. Regulations of the corporation may be adopted or changed by the assent thereto, in writing, of two-thirds of the stockholders, in number and amount or by a majority of the stockholders, in number and amount, at a meeting held for that purpose, notice of which has been given for that purpose by the president or secretary or any two directors personally or by written notice to each stockholder, or by publication, for thirty days, in some newspaper of general circulation in the county in which the corporation is located. (99 v. 270 Sec. 4.)

Opening of subscription books.

SECTION 9710. The person named in the articles of incorporation of any such company, or a majority of them, shall order books to be opened for subscription to the capital stock of the company in the manner provided for other corporations. An installment of ten per cent. on each share of stock shall be payable at the time of making the subscription, and an installment of forty per cent. on each share of stock shall be payable as soon thereafter as may be required by the board of directors, the remaining fifty per cent. being payable in the manner hereinafter required. (99 v. 270 Sec. 5.)

Certificate of subscription.

SECTION 9711. As soon as the capital stock of such corporation is fully subscribed and ten per cent. thereof paid in, the subscribers of the articles of incorporation, or a majority of them, shall so certify in writing to the secretary of state, and thereupon give notice to the stockholders, in the manner provided for other corporations, to meet for the purpose of choosing not less than five nor more than thirty directors, who shall continue in office until the time fixed for the annual election, and until their successors are elected and qualified. But if all subscribers are present in person or by proxy, such notice may be waived in writing. (102 v. 171 Sec. 1.)

Directors.

SECTION 9712. At the time and place appointed, directors shall be chosen in the manner provided for other corporations. (99 v. 271 Sec. 7.)

Annual elections.

SECTION 9713. Unless the regulations of the corporation otherwise provide an annual election for directors shall be held on the second Wednesday of January of each year. If for any cause, directors are not elected at the annual meeting, or other meeting called for that purpose, they may be chosen in the manner provided for other corporations. (99 v. 271 Sec. 8.)

General provisions; when applicable.

SECTION 9714. In all other respects, such corporation shall be created, organized, governed and conducted in the manner provided by law for other corporations in so far

as not inconsistent with the provisions of this chapter. (99 v. [illegible])

Authorization of superintendent.

SECTION 9715. No such corporation shall transact business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the superintendent of banks. (99 v. 271 Sec. 10.)

Monthly installments on capital stock.

SECTION 9716. The entire capital stock of such corporation shall be subscribed and at least fifty per cent. of each share paid in before it may be authorized to commence business. The remainder of its capital stock shall be paid in in monthly installments of at least ten per cent. each on the whole amount of the capital, payable at end of each succeeding month from the time it is authorized by the superintendent of banks to commence business. The payment of each installment shall be certified under oath to the superintendent of banks by the president, secretary, treasurer, or cashier of such corporation. (102 v. 171 Sec. 1.)

Failure to pay installments; sale of stock.

SECTION 9717. When a stockholder or his assigns fails to pay an installment on his stock, as required by the preceding section to be paid, or for thirty days thereafter, the directors for such company may sell his stock at public sale for not less than the amount due thereon, including costs incurred, to the person who will pay the highest price therefor, having first given the delinquent stockholder twenty days' notice of such sale personally, or if no personal notification can be given, then by mail at his last known address as appears from the corporate record, and having advertised the sale for a like period in a paper of general circulation within the county in which the corporation is located. If no bidder can be found who will pay for such stock the amount due thereon, with costs incurred, such stock shall be sold as the directors order, within six months for not less than the amount then due thereon with all costs of sale. (99 v. 271 Sec. 12.)

Surplus from sale.

SECTION 9718. Upon a sale of stock, any surplus over the amount due thereon to such corporation, with interest and costs incurred, shall be paid over to the original stockholder, or his assigns. (99 v. 272 Sec. 13.)

Superintendent may take possession.

SECTION 9719. If the cancellation of the stock of any delinquent holder reduces the capital of the corporation below the minimum required by law, the capital of such corporation shall be increased by additional subscription to the minimum required by law, within sixty days from the date of such cancellation; in default of which the superintendent of banks may forthwith take possession of the property and business of such corporation until its affairs be finally liquidated, as herein provided. (101 v. 276 Sec. 1.)

Preliminary examination by superintendent.

SECTION 9720. When a certificate is transmitted to the superintendent of banks, signed by the president, secretary or treasurer of such corporation, notifying him that the entire capital stock of such corporation is subscribed, that fifty per cent. thereof has been duly paid in, and that such corporation has complied with all the provisions of law required to be done before it can be authorized to commence business, the superintendent of banks shall examine into its affairs, ascertain especially the amount of money paid in on account of its capital, the name and place of residence of each director, the amount of capital stock of which each is the owner in good faith, and whether such corporation has complied with all the provisions of law required to entitle it to engage in business. (99 v. 272 Sec. 15.)

Certificate of superintendent.

SECTION 9721. If upon such examination of the facts referred to in section 9720, and of any other facts which may come to the knowledge of the superintendent of banks, whether by means of a special commission appointed by him for the purpose of inquiring into the condition of such corporation or otherwise, the superintendent of banks finds that such corporation is lawfully entitled to commence business, he shall give it a certificate under his hand and official seal that it has complied with all of the provisions required by law, and is authorized to commence business. But the superintendent may withhold such certificate when he has reason to believe that the stockholders have formed such corporation for any other purpose than the legitimate business herein contemplated, or that the character and general fitness of the persons named as stockholders in the certificate are not such as to command the confidence of the community in which such bank is proposed to be located, or that the public convenience and advantage will not be promoted by its establishment. If the superintendent of banks withholds a certificate for any of the reasons named in this section an appeal may be made to a board composed of the governor, attorney general and superintendent of banks whose decision shall be final. (102 v. 171 Sec. 1.)

Publication of certificate.

SECTION 9722. The corporation shall cause such certificate to be published in some newspaper printed in the city, village or county where it is located, once a week for four successive weeks, or if no newspaper is published in such county, then in a newspaper published at the nearest county seat. (99 v. 272 Sec. 17.)

Duty as to filing articles.

SECTION 9723. Hereafter, all corporations incorporated as commercial banks, savings banks, savings societies, societies for savings, savings and loan associations, safe deposit companies, trust companies, and savings and trust companies, or a corporation having departments for two or more, or all of such classes of business, shall be incorporated and organized with a capital stock, and under the provisions of this chapter. The secretary of state shall not

file or record articles of incorporation for such a corporation, unless in accordance therewith. (99 v. 272 Sec. 18.)

Transfers of stock.

SECTION 9724. The shares of stock of such corporation shall be deemed personal property and shall be transferred on its books in such manner as the regulations and by-laws of the corporation direct. (99 v. 273 Sec. 19.)

Increase of capital stock.

SECTION 9725. A corporation doing business under the provisions of this chapter, may increase its capital stock as provided for other corporations. In case of such increase, the board of directors first shall offer such additional stock pro rata to all stockholders of record, at such price, not less than par, as they deem best for the interest of the corporation. Shares remaining unsold then may be sold to any person on the same or better terms. (99 v. 273 Sec. 20.)

Reduction of capital stock.

SECTION 9726. Such a corporation may reduce the amount of its capital stock in the manner provided for other corporations, but notice of such reduction shall be published in a newspaper of general circulation in the city, village or county, in which it is doing business. No reduction shall be made to an amount less than the minimum amount of capital stock required for such corporation, nor shall such reduction be valid or warrant the cancellation of stock certificates until it has been approved by the superintendent of banks. Such approval shall not be given except upon a finding by him that the security of existing creditors of the corporation will not be impaired. (99 v. 273 Sec. 21.)

Monthly meetings.

SECTION 9727. The corporate powers, business and property of corporations formed under this chapter, shall be exercised, conducted and controlled by the board of directors, which shall meet at least once each month. Such board shall consist of not less than five nor more than thirty directors, to be chosen by the stockholders, and hold office for one year and until their successors are elected and qualified. (99 v. 273 Sec. 22.)

Executive committee.

SECTION 9728. The board of directors may appoint an executive committee to consist of at least three of its members, with such duties and powers as are defined by the regulations or by-laws who shall serve until their successors are appointed. Such executive committee shall meet as often as the board of directors require, which shall not be less frequently than once each month, and approve or disapprove all loans and investments. All loans and investments shall be made under such rules and regulations as the board of directors prescribe. (99 v. 273 Sec. 23.)

Minutes of executive committee.

SECTION 9729. Minutes shall be kept of the meetings of such executive committee, including records of loans and investments, to be submitted to the board of directors for

approval at each meeting. The minutes and records of such committee shall be kept on file. No loan shall be made, directly or indirectly, to an officer, or member of the executive committee of such a corporation, unless duly authorized by a majority of the members of the board of directors. Such authorization shall be recorded on the records of their proceedings, and all loans when so authorized and made to officers, or members of the executive committee shall be made and secured in the same manner as loans to other persons. (99 v. 273 Sec. 23.)

Elections.

SECTION 9730. In elections of directors, and in deciding questions at meetings of stockholders, each stockholder shall be entitled to one vote for each share of stock held by him. Any stockholder also may vote by proxy duly authorized in writing. (99 v. 274 Sec. 24.)

Directors; regulations.

SECTION 9731. Every director must be the owner and holder of at least five shares of stock in his own name and right, unpledged and unincumbered in any way, and at least three-fourths of the directors must be residents of this state. (99 v. 274 Sec. 25.)

Oath of directors.

SECTION 9732. Every director shall take and subscribe an oath that he will diligently and honestly perform his duties in such office, not knowingly violate, or permit to be violated, any provisions of this chapter, and that he is the owner in good faith of the number of shares of stock of the company required to qualify him for such office, standing in his own name, on its books. (99 v. 274 Sec. 26.)

Vacancy.

SECTION 9733. Any vacancy in the board of directors may be filled by the board for the unexpired term. (99 v. 274 Sec. 27.)

Bond of officers.

SECTION 9734. The officers of such corporation, before entering upon the discharge of their duties, shall give bond to the corporation in the amount required by the directors and with surety to be approved by them, for their fidelity and good conduct and for the safe keeping and proper application of the funds of the corporation and of such moneys and other property as may be placed in their charge. The directors may require an increase of the amount of such bonds whenever they deem it necessary. The directors as such shall not be required to give bond. (99 v. 274 Sec. 28.)

Declaring dividends, 20% surplus fund.

SECTION 9735. The board of directors of such corporation may declare a dividend of so much of its net profits as they deem expedient. Before such dividend is declared, not less than one-tenth of the net profits of the company for the preceding half-year, or for such period as is covered by the dividend, shall be carried to a surplus until fund amounts to twenty per cent of its capital stock.

Net profits. How ascertained.

In order to ascertain the net profits from which such a dividend may be made, in the amount of profit and loss there shall be charged and deducted from the actual profits:

(1) All ordinary and extraordinary expenses, paid or incurred, in managing the affairs and transacting the business of the corporation.

(2) Interest paid, or then due, on debts which it owes.

(3) All taxes due.

(4) All losses sustained by the corporation. In computing its losses, debts owing to it which have become due and which are not in process of collection and on which interest for one year or more is due and unpaid, unless same are well secured, and debts upon which judgment was recovered, but has been more than two years unsatisfied, and on which also for said period of two years, no interest was paid, unless same are well secured, shall be included. (103 v. 270 Sec. 1.)

Annual examination.

SECTION 9736. A committee of at least two directors or stockholders annually shall be appointed by the board of directors to thoroughly examine, or to superintend the examination of, the assets and liabilities of the corporation, and to report to the board of directors the result of such examination. A copy thereof attested and verified under oath by the signatures of a majority of such committee forthwith shall be filed with the superintendent of banks. (99 v. 274 Sec. 30.)

How stock assigned or transferred.

SECTION 9737. The stockholders of such a corporation may provide and determine the conditions upon which shares of its stock shall be assignable and transferable, and such shares shall be assignable and transferable only according to rules and regulations and upon conditions such as the stockholders for that purpose make and establish. (99 v. 275 Sec. 34.)

Record of stockholders.

SECTION 9738. A book shall be provided and kept by every such corporation, in which shall be entered the name and residence of each stockholder, the number of shares held by each, the time when each person became a stockholder; also, all transfers of stock, stating the time when made, the number of shares and by whom transferred, which book shall be subject to the inspection of the directors, officers and stockholders of the corporation at all times during the usual hours of transacting business. (99 v. 275 Sec. 34.)

Banks heretofore incorporated.

SECTION 9739. Banks, savings banks, savings societies, societies for savings, savings and loan associations, safe deposit companies, trust companies, savings and trust companies, and combinations of any two or more of such corporations, heretofore incorporated under any law of this state, may continue business and the exercise of powers

they now have without prejudice to any rights acquired under the act under which they were incorporated; and there shall be saved to such associations and corporations all the rights, privileges and powers heretofore conferred upon them. (99 v. 275 Sec. 35.)

Separate books for each class of business.

SECTION 9740. A corporation formed to combine two or more classes of business under this chapter, shall keep separate books of accounts for each class. Receipts, investments and transactions relating to each of such classes of business shall be governed by the provisions and restrictions herein specifically provided therefor. (99 v. 275 Sec. 35.)

How banks heretofore organized to be governed.

SECTION 9741. Banks, savings banks, savings societies, societies for savings, savings and loan associations, safe deposit companies, trust companies, savings and trust companies, and combinations of any two or more of such corporations, heretofore incorporated in this state which have paid in the amount of capital stock required by this chapter to enable them to commence business, if they so elect, may avail themselves of the privileges and powers herein conferred, by signifying such election and declaration under their seal, attested by the signature of the president and secretary, to the secretary of state and the superintendent of banks, which such secretary shall record, and his certificate be evidence thereof. When such election and declaration is so recorded, it shall confer all the privileges and powers conferred by this chapter, and from that time such association or corporation shall be governed by its provisions. (99 v. 276 Sec. 36.)

Declaration of acceptance.

SECTION 9742. Such election and declaration shall be made only when authorized by a vote of at least two-thirds of the capital stock at a meeting of stockholders, thirty days' notice of which meeting, and of the business to come before it, has been given by a majority of the directors in a newspaper published and of general circulation in the county where such association or corporation has its principal place of business. But after April 1, 1910, every such corporation or association in all respects must conform its business and transactions to the provisions of this chapter. (99 v. 276 Sec. 36.)

Amendments.

SECTION 9743. When a corporation which has adopted the provisions of this chapter, or a corporation hereafter incorporated, desires to enlarge the objects or purposes for which it was formed, so as to combine one or more of the different classes of business herein authorized with that for which it is already incorporated, or desires to diminish the objects or purposes for which it was formed, or desires to modify such objects in any other respect, it may do so by amendments to its articles of incorporation in the manner provided for other corporations. (99 v. 276 Sec. 36.)

Investments heretofore made.

SECTION 9744. Nothing in this chapter shall affect the legality of investments heretofore made, or of transactions heretofore had, but the superintendent of banks may require the change of investments for those named herein, as it can be done by the sale or redemption of securities so invested in, in such manner as to prevent loss or injury to the bank. No renewal or extension of such a loan or investment shall be made by such a corporation unless it be approved by the superintendent of banks. (99 v. 276 Sec. 37.)

Advertisement of capital prohibition.

SECTION 9745. It shall be unlawful for a commercial bank, savings bank, safe deposit company, trust company, or combination of any two or more of such incorporations, or any other corporation governed by the provisions of this chapter, to advertise by newspaper, letter head, or in any other way, a larger capital than actually has been paid in. (99 v. 277 Sec. 38.)

Penalty.

SECTION 9746. A corporation violating the provisions of the preceding section, shall forfeit and pay to the state of Ohio five hundred dollars for each and every such offense, to be recovered with costs of suit in an action, to be prosecuted by the superintendent of banks, before any court of competent jurisdiction in the county wherein it is located. All moneys collected for penalties under this section shall be paid into the state treasury, to the credit of the banking department fund. Two or more violations of the provisions of such section may be joined in the same prosecution. (99 v. 277 Sec. 38.)

Consolidation.

SECTION 9748. A corporation which in good faith is winding up its business for the purpose of consolidating with another may transfer its assets and liabilities to the corporation with which it is in process of consolidation. No such consolidation in any way shall affect the rights of creditors in the collection of their claims against such corporations or either of them. (99 v. 277 Sec. 40.)

Manner of consolidation.

SECTION 9752. Any corporation doing business under this chapter may consolidate with another, also doing business under this chapter, in the manner provided by law for the consolidation of savings and loan associations and safe deposit and trust companies. (99 v. 278 Sec. 45.)

State, Use of word restricted.

SECTION 9752-1. It shall be unlawful for any bank not organized or transacting business under the provisions of Part Second, Title 7, Division 5, Chapter 2, of the General Code, and all persons, corporations, firms or partnerships doing the business of bankers, brokers or savings institutions, not organized or transacting business under the provisions of this chapter, to use the word "State" as a portion of the name or title of such bank, corporation, firm, or partnership. (102 v. 56.)

SECTION 9752-2. Any violation of the provisions contained in the preceding section shall subject the party chargeable therewith to a penalty of fifty dollars for each day during which it is committed or repeated, to be recovered with costs of suit in an action, to be prosecuted by the Superintendent of Banks, before any court having jurisdiction of such bank or of such person, corporation, firm or partnership. All moneys collected for penalties under this section shall be paid into the state treasury, to the credit of the banking department fund. (102 v. 56.)

COMMERCIAL BANKS.

SECTION 9753. A commercial bank may purchase, lease, hold and convey real estate only as follows: What real estate may be held.

a. Real estate whereon is erected or may be erected a building or buildings useful for the convenient transaction of its business, and from portions of which, not required for its use, a revenue may be derived; but the cost of such building or buildings and the real estate whereon they are erected, in no case shall exceed sixty per cent. of its paid-in capital and surplus:

b. Such as is mortgaged or conveyed to it in good faith by way of security for loans made by or money due to such corporation:

c. Such as has been purchased by it at sales upon the foreclosure of mortgages owned by it, or on judgments or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts. All real property referred to in this paragraph shall be sold by such corporation within five years after it vested therein, unless upon application by the board of directors, the superintendent of banks extends the time within which such sales shall be made;

d. Such corporation also shall have power by lease to acquire a suitable building for the convenient transaction of its business, and from portions of which, not needed for its own use, a revenue may be derived. (99 v. 279 Sec. 46.)

SECTION 9754. A bank doing business as a commercial bank, shall not lend, including overdrafts, to any one person, firm or corporation, more than twenty per cent. of its paid-in capital and surplus, unless such loan be secured by first mortgage upon improved farm property in a sum not to exceed sixty per cent. of its value. The total liabilities, including overdrafts, of a person, company, corporation, or firm to any bank, either as principal debtor or as security or indorser for others, for money borrowed, at no time shall exceed twenty per cent. of its paid-in capital stock and surplus. But the discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person, company, corporation or firm negotiating it, shall not be considered as money borrowed. (99 v. 279 Sec. 47.) Loan to one person limited.

Unauthorized deposits deemed loans.

SECTION 9755. The deposits of funds in a bank or trust company, not duly designated as a depository by the board of directors as hereinafter provided, shall be held to be a loan within the meaning of the preceding section. (99 v. 279 Sec. 47.)

General resolution as to real estate.

SECTION 9756. Loans by a commercial bank upon mortgage or other forms of real estate security, shall not be made until after the adoption of a general resolution by a two-third vote of the board of directors, stating to what extent its officers may loan on real estate. The aggregate amount of such loans shall not exceed fifty per cent. of the capital, surplus and deposits of such corporation, except that, if a bank combines the business of a commercial and savings bank, it may lend up to sixty per cent. of its capital stock, surplus and deposits upon real estate security, after the adoption of a general resolution authorizing it by two-thirds vote of the board of directors. Such loans shall be upon real estate, situated in this state, or in states immediately adjacent thereto, and inclusive of prior incumbrances shall not exceed forty per cent. of the value of such real estate, if unimproved, and if it is improved, sixty per cent. of its value. The improvements shall be kept adequately insured. (99 v. 279 Sec. 48.)

Powers.

SECTION 9757. A commercial bank may receive deposits on which interest may be allowed. All deposits in such banks shall be payable on demand without notice, except when the contract of deposit otherwise provides. A commercial bank also may loan money on personal security, discount, buy, sell or assign promissory notes, drafts, bills of exchange, and other evidences of debt, and buy and sell exchange, coin and bullion. (99 v. 280 Sec. 49.)

Investment of capital, surplus and deposits.

SECTION 9758. Subject to the provisions of the preceding section commercial banks may invest their capital, surplus and deposits in, or loan them upon:

a. Personal or collateral securities.

b. Bonds or other interest-bearing obligations of the United States, or those for which the faith of the United States is pledged to provide payment of the interest and principal, including bonds of the District of Columbia; also in bonds or other interest-bearing obligations of any foreign government.

c. Bonds of interest-bearing obligations of this or any other state of the United States.

d. The legally issued bonds or interest-bearing obligations of any city, village, county, township, school district or other district, or political subdivision of this or any other state or territory of the United States and of Canada.

e. Mortgage bonds or collateral trust bonds of any regularly incorporated company, which has paid, for at

least four years, dividends at the rate of at least four per cent. on their capital stock. Such loan shall not exceed eighty per cent. of the market or actual value of such bonds, the purchase of which first has been authorized by the directors. All such securities having a fixed maturity shall be charged and entered upon the books of the bank at their cost to the bank, or at par, when a premium is paid, and the superintendent of banks shall have the power to require any security to be charged down to such sum as in his judgment represents its value. The superintendent of banks may order that any such securities which he deems undesirable be sold within six months.

f. Notes secured by mortgage on real estate, where the amount loaned thereon inclusive of prior incumbrances does not exceed forty per cent. of the value of the real estate if unimproved, and if improved sixty per cent. of its value, including improvements, which shall be kept adequately insured. Not more than fifty per cent. of the amount of the paid in capital, surplus and deposits of such bank at any time shall be invested in such real estate securities. (102 v. 173 Sec. 1.)

Reserve fund.

SECTION 9759. Commercial banks shall keep as reserve at least fifteen per cent. of their total deposits, at least six per cent. of that part of such deposits which is payable on demand, and at least four per cent. of that part of such deposits which are time deposits shall be kept in the vaults of the bank in lawful money, national bank notes or bills, notes, and gold or silver certificates issued by the United States. That part of such reserve not so kept, shall be kept, subject to demand, in other banks or trust companies, designated by resolution of the board of directors for that purpose, a copy of which upon its adoption, shall be forthwith certified to the superintendent of banks, and the depository thus designated shall be subject to the approval of the superintendent of banks.

If the superintendent of banks withholds his approval, appeal may be made to a board to be composed of the governor, the attorney general and the superintendent of banks, whose decision shall be final. (102 v. 173 Sec. 1.)

Restoring of reserve fund.

SECTION 9760. When the reserve of a commercial bank falls below the amount required by the preceding section, it shall not make new loans or discounts, otherwise than by discounting or purchasing bills of exchange, payable at sight or on demand, nor make dividends of its profits, until the reserve required by law is restored. The superintendent of banks shall notify any bank whose reserve falls below the amount required, immediately to make such reserve good. In case the bank fails for thirty days thereafter to make good its reserve, the superintendent of banks may forthwith take possession of the property and business of such commercial bank until its affairs be finally liquidated, as herein provided. (101 v. 284 Sec. 1.)

Purchase of own stock.

SECTION 9761. No commercial bank, savings bank, safe deposit company or trust company shall loan money on the security or pledge of the shares of its capital stock; nor be the purchaser or holder of any such shares, unless such security or purchase be necessary to prevent loss upon a debt previously contracted in good faith. Stock so acquired, shall within six months from the time of its purchase, be sold or disposed of at public sale on thirty days' notice from the superintendent of banks, and in default thereof the superintendent of banks may forthwith take possession of the property and business of such corporation until its affairs be finally liquidated, as herein provided. (101 v. 284 Sec. 1.)

SAVINGS BANKS.

What real estate may be held.

SECTION 9762. A savings bank may purchase, lease, hold and convey real estate for the purposes and in the manner herein before provided as to commercial banks, and subject to like restrictions and limitations. (99 v. 281 Sec. 54.)

Deposits, rate of interest.

SECTION 9763. A savings bank may receive on deposit any sum of money offered for that purpose by any person, firm, society or corporation, or by any municipal corporation, township, school district, county or state, or other body politic, or which is ordered to be deposited by any court of this or any other state, or of the United States, having custody of money, and make investments thereof in the manner provided herein. It also may credit and pay such rates of interest thereon as may be agreed upon. (99 v. 281 Sec. 55.)

Reserve fund.

SECTION 9764. Savings banks shall keep as a reserve the same percentage of their deposits as commercial banks, subject to the same restrictions as to such reserve, except that one-half of the reserve required to be kept in the vaults of the bank may be invested in the securities named in paragraphs *b* and *c* of section ninety-seven hundred and fifty eight, and the bonds of any city or county within this state. When the reserve of a savings bank required to be kept in its vaults exceeds five hundred thousand dollars, the amount in excess thereof may be invested in bonds or other interest bearing obligations of the United States. (99 v. 282 Sec. 56.)

Investments.

SECTION 9765. A savings bank may invest the residue of its funds in, or loan money on, discount, buy, sell or assign promissory notes, drafts, bills of exchange and other evidences of debt and also invest its capital, surplus and deposits in, and buy and sell the following:

a. The securities mentioned in section ninety-seven hundred and fifty-eight, subject to the limitations and restrictions therein contained, except that savings banks may loan not more than seventy-five per cent of the amount of the paid-in capital, surplus and deposits on notes secured by mortgage on real estate. But all loans made upon personal security shall be upon notes with two or more signers or one or more indorsers, payable and to be paid at a time not exceeding six months from the date thereof. In the aggregate, not exceeding thirty per cent. of the capital, surplus and deposits of a savings bank shall be so invested.

b. Stocks, which have paid dividends for five consecutive years next prior to the investment, bonds, and promissory notes of corporations, when this is authorized by an affirmative vote of a majority of the board of directors or by the executive committee of such savings bank. No purchase or investment shall be made in the stock of any other corporation organized or doing business under the provisions of this chapter. The superintendent of banks may order any such securities which he deems undesirable to be sold within six months.

c. Promissory notes of individuals, firms or corporations, when secured by a sufficient pledge of collateral approved by the directors, subject to the provisions of sections ninety-seven hundred and fifty-four and ninety-seven hundred and fifty-five. (99 v. 282 Sec. 57.)

Decrease of reserve fund.

SECTION 9766. When the reserve of any savings bank falls below the amount required, it shall be governed by the provisions of section ninety-seven hundred and sixty. (99 v. 282 Sec. 58.)

Terms governing deposits.

SECTION 9767. The board of directors shall prescribe the terms on which deposits shall be received and paid out, and the mode of transacting, managing and conducting the affairs and business of the bank. (99 v. 283 Sec. 59.)

Pass books.

SECTION 9768. A pass book shall be issued to each depositor in the savings department, containing the rules and regulations adopted by the board of directors governing such deposits, in which shall be entered each deposit made, the interest allowed thereon, and each payment made to each depositor. By accepting such book the depositor assents and agrees to the rules and regulations therein contained. (99 v. 283 Sec. 60.)

Payment of checks.

SECTION 9769. No payment or check against any savings bank account shall be made or paid unless accompanied by and entered in the pass book issued therefor, except for good cause and on assurance satisfactory to the officers of the bank; but nothing herein shall prevent savings banks issuing time certificates of deposit or certificates for deposit specially issued according to the rules and regulations governing savings deposits. (99 v. 283 Sec. 61.)

Provisions as to minors.

SECTION 9770. When an account is opened in a savings bank by a minor it shall be payable to such minor, and payment to him shall be as valid as if he were of legal age. (99 v. 283 Sec. 62.)

Limit to liability of any one person.

SECTION 9771. The total liabilities, including overdrafts of any person, company, corporation, or firm to a savings bank, either as principal debtor or as security or indorser for others, for money borrowed, at no time shall exceed twenty per cent. of the paid up capital and surplus of such corporation. But the discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person, company, corporation or firm negotiating it shall not be considered as money borrowed. (99 v. 283 Sec. 63.)

Savings societies organized under act of 1867 may continue business under General Code.

SECTION 9810. Associations incorporated under the act entitled "an act to incorporate savings societies," passed April 16, 1867, and the act passed March 19, 1868, entitled "an act to amend an act entitled, 'an act to incorporate savings societies', passed April 16, 1867," may continue their business under such acts, and without prejudice to any right acquired. Such institutions and other savings and loan institutions organized under the laws of this state, if they so elect may continue their business under this chapter, (Tit. IX Div. V, Chap. 3) by signifying such election, under their seal, to the secretary of state, and conforming their action thereto. The secretary shall record it, and his certificate be evidence thereof. (R. S. Sec. 3811.)

May invest their funds in county or municipal bonds and charge 8% interest on loans.

SECTION 9811. Savings societies organized and doing business under the Acts named in the preceding section, in addition to investments authorized in such acts, may invest their funds in the bonds of a county or municipal corporation issued in pursuance of any law of this state, and charge interest on loans of not more than eight per cent. payable semi-annually. (R. S. Sec. 3812.)

May invest in land or buildings.

SECTION 9812. Societies for savings, duly incorporated by the General Assembly, and doing business under their respective acts of incorporation, may invest in land, and in the erection of buildings thereon, for the purpose of their business, such sums as the trustees thereof deem necessary, not to exceed five per cent of the amount of the deposits held by them and also rent any part of such buildings not needed for their own use. (R. S. Sec. 3813.)

May invest in steamship first mortgage bonds.

SECTION 9813. Savings societies, and savings and loan associations organized, or doing business under the laws of this state, in addition to the powers heretofore conferred upon such corporations in addition to the investment hereinbefore authorized, may loan and invest the funds, moneys and property owned or received by such company respectively, and to the respective amounts to which they are

limited in other loans and investments, in legally authorized first mortgage bonds of steamship companies. Such mortgage shall be upon steel steamships, or steamships for the carriage of freight, or package, freight and passengers combined upon the great lakes and connecting waters, of at least five thousand tons carrying capacity, each. Such bonds shall be issued at the time of the completion and enrollment of the steamship or steamships, or within five years thereafter. The mortgage by express terms shall state that at least ten per cent. of the total issue of such bonds shall be retired, annually, beginning within two years from the date thereof, and the mortgage liability against such property shall not exceed one half of its actual cost. The terms of such mortgage and the duties of the trustee thereof shall be the same as is provided in sections 9823 and 9824. (R. S. Sec. 3821aa.)

At least 10% must be retired annually.

SECTION 9814. Before a dividend, or interest on deposits, is paid by such societies, they must have a surplus fund equal to not less than five per cent. of the whole amount of deposits, and gradually increase such fund to an amount equal to ten per cent. of the amount of deposits. (R. S. Sec. 3815.)

Must have surplus fund equal to 5% of deposits.

SECTION 9815. All "societies for savings" and "savings societies" now doing business, whose charters are subject to alteration or repeal, may continue their business under their respective charters, after the expiration thereof, subject, however, to the repeal of any such charter, and to such amendments, alterations, rules, and regulations as may be prescribed, from time to time, by any laws of the state. (R. S. Sec. 3814.)

May continue business under old charter.

SAFE DEPOSIT COMPANIES.

SECTION 9772. A safe deposit company may purchase, lease, hold and convey real estate whereon is erected or may be erected a building or buildings useful for the convenient transaction of its business, including fire and burglar proof vaults and safes, and from portions of which, not required for its own use, a revenue may be derived. The cost of such buildings and the real estate whereon they are erected in no case shall exceed fifty per cent. of the paid-up capital and surplus of the corporation. Any sum not so invested in buildings and real estate may be invested in the manner provided herein for the investment of the funds of savings banks. (99 v. 283 Sec. 65.)

What real estate may be held.

SECTION 9773. A safe deposit company may receive property of every kind for safe keeping, collect and disburse the interest or income or principal of securities on such terms as are agreed upon, and also act as agent, for the purpose of registering, countersigning or transferring

Powers to act as agent.

the certificates of stock, bonds or other evidence of indebtedness of any corporation, association, municipality, state or public authority, on such terms as are agreed upon. (99 v. 283 Sec. 65.)

Powers of safe deposit and trust companies.

SECTION 9816. Safe deposit and trust companies by lease or purchase may provide a proper and secure fireproof building or buildings and fire and burglar proof vaults, or safes, receive on deposit for safe keeping, government securities, stocks, bonds, coins, jewelry, plate, valuable books, papers, documents and other property of every kind, collect and disburse the interest or income upon such property received on deposit as produces interest on income, and collect and disburse the principal of such of the property as produces interest or income when it becomes due, upon terms prescribed by such company so receiving the property. (R. S. Sec. 3821a.)

May act as agent or trustee.

SECTION 9817. Such companies also may act as agent or trustee for the purpose of registering, countersigning or transferring the certificates of stock, bonds, or other evidences of indebtedness of a corporation, association, municipality, state or public authority, upon such terms as are agreed upon. (R. S. Sec. 3821a.)

Courts may order money deposited with company.

SECTION 9818. Any court in this state, including probate courts, may by order, decree or otherwise, direct moneys or properties under its control, or paid into court by parties to an action or legal proceedings, or which are brought into court by reason of an order, judgment or decree, in equity or otherwise, to be deposited with a safe-deposit and trust company, by such court designated, upon terms, and subject to such instructions as are expedient. But such company shall not be required to assume or execute a trust without its own consent. (R. S. Sec. 3821a.)

May receive money or property held in trust.

SECTION 9819. Such companies also may receive and hold moneys, or property in trust, or on deposit from executors, administrators, assignees, guardians, trustees, corporations or individuals upon such terms and conditions as may be agreed upon between the parties. (R. S. Sec. 3821a.)

How trust money loaned or invested.

SECTION 9820. All moneys or properties received in trust by such companies, unless by the terms of the trust some other mode of investment is prescribed, together with the capital of the company, shall be loaned on or invested only in the authorized loans of the United States, or of the State of Ohio, or cities, counties, or villages of this state, or the stocks or bonds of any state in the Union that for five years previous to such investment being made, regularly has paid the interest on its legal bonded debt in lawful money of the United States, or cities, counties or villages of such states, which so paid the interest on their legal

bonded debts, or stocks of national banks organized within this state, or the first mortgage bonds of a railroad company within the states above named, which earned and paid regular dividends on its stock for five years next preceding such loan, or investment, or first mortgages on real estate in this state or of individuals with a sufficient pledge of any of such securities, or they may be loaned to this state, or to a county, city or village therein. (R. S. Sec. 3821a.)

Limit on loans or investments.

SECTION 9821. No loan shall be made, directly or indirectly, to an officer, employe, or trustee of such a company, and not more than ten per cent of its capital may be invested in one security or loan, except in providing a building and vaults. Real estate not needed by such companies for the transaction of their business, which is acquired by foreclosure of mortgage or by levy of execution, shall be offered for sale, and if practicable be sold within two years after it is so acquired. (R. S. Sec. 3821a.)

Investments in first mortgage bonds of steamship companies.

SECTION 9822. Safe deposits and trust companies organized, or doing business under the laws of this state, in addition to the powers heretofore conferred upon such corporations, in addition to the investments hereinbefore authorized, may loan and invest the funds, moneys and property owned or received by such companies respectively and to the respective amounts to which they are limited in other loans and investments, in legally authorized first mortgage bonds of steamship companies. Such mortgage shall be upon steel steamships or steamships for the carriage of freight, or package, freight and passengers combined upon the great lakes and connecting waters, of at least five thousand tons carrying capacity, each. Such bonds shall be issued at the time of the completion and enrollment of the steamship or steamships, or within five years thereafter. The mortgage by express terms shall state that at least ten per cent of the total issue of such bonds shall be retired, annually, beginning within two years from the date thereof, and the mortgage liability against such property shall not exceed one-half of its actual cost. (R. S. Sec. 3821aa.)

Terms of the mortgage.

SECTION 9823. The terms of such mortgage shall specifically state that the mortgagor shall not suffer any steamships so mortgaged to be indebted at any time in an amount in the aggregate exceeding five per cent of its actual cost, and that the failure of the mortgagor forthwith to procure the release of mechanics', laborers', admiralty, statutory or other liens, claims or charges against such steamship, shall constitute a default in the provisions of the mortgage. (R. S. Sec. 3821aa.)

Insurance of property mortgaged.

SECTION 9824. The trustees of such mortgage shall be required to protect such lien by attending to the recording thereof, and causing the property covered to be insured against all risks on vessel property ordinarily covered by

such insurance, including marine risks and disasters general and particular average, collision, liability, protection and indemnity insurance, and insurance against liability for injuries to persons in insurance companies, and under forms of policies approved by the trustees for an amount equal to the full insurance value of such steamship or steamships. Such insurance shall be made with loss payable to the trustee and the policies deposited with him. (R. S. Sec. 3821aa.)

Accounts of trust money to be kept separate.

SECTION 9825. All money or property held in trust shall constitute a deposit in the trust department, and the accounts thereof shall be kept separate, and such funds and the investment or loans of them be especially appropriated to the security and payment of all such deposits, and not subject to other liabilities of the company. (R. S. Sec. 3821b.)

Trust department.

SECTION 9826. For the purpose of securing the observance of the preceding section, such companies shall have a trust department in which all business pertaining to such trust property shall be kept separate and distinct from its general business. (R. S. Sec. 3821b.)

Must maintain reserve of fifteen per cent.

SECTION 9827. Such a company shall keep on hand in lawful money of the United States as a reserve, an amount equal to fifteen per cent of all deposits, payable on demand or within ten days. When such reserve is below such per cent of such deposits, the company shall not make new loan, nor pay a dividend of its profits until the required proportion between the aggregate amount of its deposits and reserve is restored. But clearing house certificates representing specie or lawful money especially deposited in the vault of such company or the United States sub-treasury for the purpose of a clearing house association of which it is a member, may be recorded as a part not exceeding one-third of such reserve, if one other third of such fifteen per cent consists of bonds of the United States or this state, the absolute property of the company, and the remaining third of such fifteen per cent is in lawful money of the United States. (R. S. Sec. 3821b.)

May be appointed trustee.

SECTION 9828. Such company may be appointed trustee under any will or instrument creating a trust for the care and management of property, under the circumstances, in the manner, and subject to the control by the court having jurisdiction thereof, as in the case of a legally qualified person. (R. S. Sec. 3821b.)

Capital held as security.

SECTION 9829. The capital stock of such company, with the liabilities of the stockholders existing thereunder, shall be held as security for the faithful discharge of the duties undertaken by virtue of the foregoing and following provisions, and surety shall be required upon the bonds filed by the company, as in other cases. (R. S. Sec. 3821b.)

How papers executed.

SECTION 9830. In proceedings in the probate court, or elsewhere, connected with any authority exercised under such provisions, all accounts, returns and other papers may be signed and sworn to in behalf of such company by an officer thereof duly authorized by it. The answers and examination under oath, of such officer, shall be received as the answers and examination of the company. The court may order and compel any of its officers to answer and attend such examinations as if they were parties to the proceedings or inquiry, instead of such company. Such a company shall not be required to receive or hold property or moneys, or to execute a trust contrary to its own desire. (R. S. Sec. 3821b.)

How money held in trust invested.

SECTION 9831. In the management of money and property held by it as trustee, under the powers conferred by law, such company shall invest such money and property in a general trust fund of the company. But it shall be competent for the authority making the appointment, upon conferring it to direct whether such money and property shall be held separately or invested in a general trust fund of the company. The company always shall follow and be entirely governed by the directions contained in any will or instrument under which it acts. (R. S. Sec. 3821b.)

Trust money not mingled or held for debts.

SECTION 9832. No money, property or securities received or held by such a company under the provisions of law establishing a trust department, shall be mingled with the investments of the capital stock or other moneys or property belonging to it, or be liable for its debts or obligations. (R. S. Sec. 3821b.)

Liability of stockholders.

SECTION 9833. Each stockholder of such company shall be held individually liable for all contracts, debts and engagements thereof, to the extent of unpaid dues on the shares of stock by him or her owned. (Const. Art. XIII, p 3; R. S. Sec. 3821b.)

Trustees must notify auditor of organization.

SECTION 9834. Within six months after the incorporation of such company, its trustees must notify the auditor of state of the date of the organization. Within ten days after the annual meeting thereof in each year, under oath, such trustees shall make a complete statement of the condition of the company, in which they shall specify the different kinds of its liabilities, and assets, stating the amount of each kind, which statement shall be filed with the auditor of state, and published in his annual report. The trustees also shall publish it in a newspaper of general circulation in the county in which the principal office of the company is located. (R. S. Sec. 3821b.)

Auditor may examine affairs at any time.

SECTION 9835. Such auditor, at any time, through an expert appointed by him, may make a full examination of the affairs and condition of every such company. (R. S. Sec. 3821b.)

By-laws; dividends.

SECTION 9836. By their by-laws, as often as they deem proper, the trustees of such company may make and declare dividends of its profits after paying its expenses and setting aside the reserve hereinbefore required, and such other amount as they deem advisable wherewith to meet any contingency in its business. The dividends authorized herein shall be payable to the shareholders within twenty days after the time they are so declared. (R. S. Sec. 3821b.)

Stock to be paid up.

SECTION 9837. No such company shall begin business until all of its authorized capital has been paid up in cash. (R. S. Sec. 3821b.)

Increase of capital stock.

SECTION 9838. A safe deposit and trust company may increase its capital stock as provided by sections eighty-six hundred and ninety-eight and eighty-six hundred and ninety-nine with respect to corporations for profit, and in case of such increase, either by preferred or common stock its board of directors may sell such increase, or additional stock, at such price, not less than par, as they deem best and to the company's interests. (R. S. Sec. 3821b.)

Assignment and transfer of stock.

SECTION 9839. The stockholders of such company may provide and determine conditions upon which its shares of stock shall be assignable and transferable, and they shall be assignable and transferable according to the rules, regulations, and on such conditions as the stockholders for that purpose make and establish, and not otherwise. (R. S. Sec. 3821b.)

Loans and investments in stock.

SECTION 9840. Any safe deposit and trust company duly organized and exclusively engaged in the business of a safe deposit and trust company, may loan or invest moneys or properties received in trust by it together with its capital, in the following securities, in addition to those now authorized by law: The stocks of gas light and coke companies, gas companies which have paid regular dividends thereon for five years next preceding such loan or investment, and are located in the county in which such safe deposit and trust company is located, or in which it has its principal office. (R. S. Sec. 3821g.)

Limit of investment or loan.

SECTION 9841. But no investment of moneys or properties held in trust by such company, or investment of any part of its capital shall be made in the stock of a gas light and coke company, gas company, gas and electric light company, or street railway company, unless authorized by its board of directors by resolution entered upon its minutes. Not more than ten per cent. of the capital of a safe deposit and trust company shall be invested or loaned in any one security or loan. (R. S. Sec. 3821g.)

COMBINATION OR CONSOLIDATION OF SAFE DEPOSIT AND TRUST COMPANIES, AND SAVINGS AND LOAN ASSOCIATIONS.

What companies may exercise powers of safe deposit and trust companies.

SECTION 9842. 'Any company now incorporated under the laws of this state, as a savings and loan association, with a paid up capital stock of not less than two hundred thousand dollars, and doing business in Ohio, or any company heretofore so organized as a safe deposit and trust company, also may engage in business as a safe deposit and trust company, under and in accordance with the provisions governing safe deposit and trust companies. (R. S. Sec. 3821gg.)

Consent of stockholders; certificate.

SECTION 9843. But no such company shall engage in business as a safe deposit and trust company, until the holders of at least two-thirds in amount, of its capital stock vote in favor of so doing, at a meeting of the stockholders called for the purpose of considering that question. If such stockholders vote in favor of a resolution to engage in business as a safe deposit and trust company, as provided herein, the president and secretary of such corporation shall make a certificate under its seal, showing the action of the stockholders, the number of shares voted in favor of the proposition, and file it in the office of the secretary of state. Thereupon such corporation shall possess the powers, and be subject to the regulations, obligations, liabilities and conditions which safe deposit and trust companies have and are subject to, under the law of their creation. (R. S. Sec. 3821gg.)

Consolidation of companies.

SECTION 9844. Any corporation organized to exercise the powers granted to savings and loan associations or to safe deposit and trust companies, when not less than one-fourth of the capital stock of each is held by the same persons, and their boards of directors, or trustees are composed in whole or part of the same persons, may consolidate themselves into a single corporation under a name and on such terms as is approved by not less than two-thirds of the stockholders of each company. (95 v. 531 P. 1.)

Proceedings.

SECTION 9845. The proceedings to effect such consolidation shall be the same as those provided by law for the consolidation of railroad companies. (95 v. 531 P. 2.)

Status of companies after consolidation.

SECTION 9846. When the agreement of consolidation is so made and perfected and it or a copy thereof, is filed in the office of the secretary of state, the companies, parties thereto, shall be held and taken to be one company possessing all the rights, privileges, powers and franchises of the several companies, but subject to the provisions of law relating to the different branches of business of such new

company, as though conducted by separate companies. (95 v. 531 P. 3.)

Officers; title to property.

SECTION 9847. The directors and other officers named in the agreement of consolidation shall serve until the first annual election, the time for which shall be named in the agreement. On filing such agreement or of such copy, all and singular the property, and rights of every kind of the several companies shall thereby be transferred to and vested in such new company, and be as fully its property as they were of the companies parties to such agreement. (95 v. 531 P. 4.)

Right of creditors.

SECTION 9848. The rights of creditors shall be preserved unimpaired and the respective companies deemed to be in existence to preserve them. Debts, liabilities and duties of either of such companies thenceforth shall attach to the new company and be enforced against it as if they had been contracted by it. (95 v. 531 P. 4.)

When fees need not be paid.

SECTION 9849. When the articles of the constituent companies are filed at the same time, by the same incorporators, and the capital stock named in the agreement of consolidation does not exceed the sum of the capital stocks of the constituent companies the provisions of law as to fees for filing them shall not apply, if the fees were duly paid by the constituent companies and the agreement of consolidation be filed within two years after the creation of such companies. (95 v. 531 P. 5.)

TITLE GUARANTEE AND TRUST COMPANIES.

Powers of such companies.

SECTION 9850. A title guarantee and trust company may prepare and furnish abstracts and certificates of title to real estate, bonds, mortgages and other securities, and guarantee such titles, the validity and due execution of such securities, and the performance of contracts incident thereto, make loans for itself or as agent or trustee for others, and guarantee the collection of interest and principal of such loans; take charge of and sell, mortgage, rent or otherwise dispose of real estate for others, and perform all the duties of an agent relative to property deeded or otherwise entrusted to it. (R. S. Sec. 3821ggg.)

Capital required; deposit.

SECTION 9851. No such company shall do business until its capital stock amounts to at least one hundred thousand dollars fully paid up, and until it has deposited with the treasurer of state fifty thousand dollars in securities permitted by sections ninety-five hundred and eighteen and ninety-five hundred and nineteen. Except such deposit, the capital shall be invested as the board of directors of such company prescribes. (R. S. Sec. 3821ggg.)

How deposit held.

SECTION 9852. The treasurer of state shall hold such fund or securities deposited with him as security for the faithful performance of all guarantees entered into by such company, but so long as it continues solvent he shall permit it to collect the interest of, or dividends on, its securities so deposited, and to withdraw them or any part thereof, on depositing with him cash or other securities of the kind heretofore named so as to maintain the value of such deposit at fifty thousand dollars. (R. S. Sec. 3821ggg.)

Operation limited to one county; exception.

SECTION 9853. Any company so organized shall be limited in its operation to only one county in this state, which shall be designated in its application for a charter, except, that if it desires to issue its policies of title insurance in more than one county it may issue them in such other county or counties upon depositing with the treasurer of state an additional sum of fifty thousand dollars in securities as above provided, for each additional county in which it proposes to operate. (R. S. Sec. 3821ggg.)

Treasurer to surrender surplus deposits.

SECTION 9854. If such a company has made deposits with the treasurer of state as herein required, it may request such treasurer to return to it securities in excess of the amount so required, and he shall surrender such excess to the company, taking proper receipts therefor. (R. S. Sec. 3821ggg.)

Laws by which such companies governed.

SECTION 9855. All companies doing the business of guaranteeing titles to real property shall comply with and be governed by the foregoing provisions relating thereto. But such companies heretofore organized and doing business hereunder, may continue business without prejudice to any rights thereby acquired or obligations incurred. (R. S. Sec. 3821ggg.)

Reports.

SECTION 9856. Title guarantee and trust companies shall make such reports to the auditor of state as are required of safe deposit and trust companies and be subject to like examination and penalties. (R. S. Sec. 3821ggg.)

TRUST COMPANIES.

What real estate may be held.

SECTION 9774. A trust company may purchase, lease, hold and convey real estate, exclusive of trust property, for the purpose and in the manner provided by this chapter as to commercial banks, and subject to like restrictions and limitations. (99 v. 284 Sec. 66.)

Powers.

SECTION 9775. Trust companies shall have the same powers in the acceptance and execution of trusts which are now conferred upon them by statute. (99 v. 284 Sec. 67.)

Deposit of court funds.

SECTION 9776. Any court in this state, including probate courts, by order, decree or otherwise, may direct moneys or properties under its control, or paid into court by parties to any action or legal proceedings, or which are brought into court by reason of an order, judgment, decree in equity, or otherwise, to be deposited with such trust company as the court designates, upon such terms and subject to such restrictions as may be deemed expedient. (99 v. 284 Sec. 68.)

Liability of capital and property.

SECTION 9777. The capital of such corporation, with all its property and effects, shall be absolutely liable in case of default in any of such trust positions. The probate or other court committing a trust to the custody of such corporation, whenever it deems proper, may require additional security in any amount necessary. (99 v. 284 Sec. 69.)

Additional securities.

SECTION 9778. No such corporation either foreign or domestic shall accept trusts which may be vested in, transferred or committed to it by an individual, or court, until its paid-in capital is at least one hundred thousand dollars, and until such corporation has deposited with the treasurer of state in cash fifty thousand dollars if its capital is two hundred thousand dollars or less, and one hundred thousand dollars if its capital is more than two hundred thousand dollars, except that, the full amount of such deposit by such corporation may be in bonds of the United States, or of this state, or any municipality or county therein, or in any other state, or in the first mortgage bonds of any railroad corporation that for five years last past paid dividends of at least three per cent. on its common stock. (99 v. 284 Sec. 69.)

Deposits with treasurer of state.

SECTION 9779. The treasurer of state shall hold such fund or securities deposited with him as security for the faithful performance of the trusts assumed by such corporation, but so long as it continues solvent he shall permit it to collect the interest on its securities so deposited. From time to time said treasurer shall permit withdrawals of such securities or cash, or part thereof, on the deposit with him of cash, or other securities of the kind heretofore named, so as to maintain the value of such deposit as herein provided. (99 v. 284 Sec. 69.)

When trust deed or mortgage void.

SECTION 9780. No such corporation, foreign or domestic, authorized to accept and execute trusts, either directly or indirectly through any officer, agent or employe thereof, shall certify to any bond, note or other obligation to evidence debt, secured by any trust, deed or mortgage upon, or accept any trust concerning property located wholly or in part in this state without complying with the provisions of this and the two preceding sections. Any trust, deed or mortgage given or taken in violation of the provisions thereof shall be null and void. (99 v. 284 Sec. 69.)

How funds invested.

SECTION 9781. Moneys or properties received on deposits or in trust by such corporation, unless by the terms of the trust some other mode of investment is prescribed, together with its capital and surplus, excepting such as is required to be kept as a reserve, shall be invested in or loaned only on the following:

a. The securities mentioned in paragraphs *b, c, d, e, f* of section ninety-seven hundred and fifty-eight, subject to the limitations and restrictions contained in said paragraphs, except that trust companies shall not loan more than sixty per cent. of the amount of their paid-in capital, surplus and deposits on notes secured by mortgage on real estate;

b. Stocks, which have paid dividends for five consecutive years next prior to the investment, and bonds of corporations when they are authorized by the affirmative vote of the majority of the board of directors or of the executive committee of such trust company; but the superintendent of banks may order that any such securities which he deems undesirable shall be sold within six months;

c. Promissory notes of individuals, firms, or corporations, when secured by a sufficient pledge of collateral, approved by the directors, subject to the provisions of sections ninety-seven hundred and fifty-four and ninety-seven hundred and fifty-five. (99 v. 285 Sec. 70.)

Ground rents.

SECTION 9782. All moneys or properties received in trust by such company, unless by the terms of the trust some other mode of investment is prescribed, together with the capital and surplus of such corporation, also may be invested in ground rents, when authorized by a vote of the board of directors. (99 v. 285 Sec. 70.)

Limitation on investments.

SECTION 9783. Not more than twenty per cent. of the capital and surplus of any such corporation shall be invested in any one security or loan unless it be in bonds or other interest bearing obligations enumerated in paragraphs *b, c* and *d* of section ninety-seven hundred and fifty-eight, or in providing a building and vaults. (99 v. 285 Sec. 70.)

Real estate.

SECTION 9784. No investment in notes secured by mortgage on real estate shall be made by such corporation except upon the approval of the board of directors. (99 v. 285 Sec. 71.)

Loans, how secured.

SECTION 9785. No trust company shall lend any part of its capital or surplus unless such loan be secured by bonds or stocks as collateral in which it is allowed to invest its capital, or by mortgage on real estate, where the amount loaned inclusive of prior incumbrances thereon does not exceed sixty per cent. of the value of the real estate, including improvements, which shall be kept adequately insured; nor

shall such corporation lend to any one person, firm, association or corporation more than twenty per cent. of its paid-in capital and surplus. (99 v. 286 Sec. 72.)

Trust department.

SECTION 9786. All moneys or property held in trust shall constitute a deposit in the trust department, and the accounts and investments thereof shall be kept separate. Such investment or loans shall be especially appropriated to the security and payment of all such deposits, and not be subject to any other liabilities of the corporation. For the purpose of securing the observance of these requirements, it shall have a trust department in which all business pertaining to such trust property shall be kept distinct from its general business. (99 v. 286 Sec. 73.)

Reserve not applicable to trust funds.

SECTION 9787. Trust companies shall keep the same reserve as is required of savings banks, but they shall not be required to keep a reserve on trust funds. When the reserve of a trust company falls below the amount required, it shall be governed by the provisions of section ninety-seven hundred and sixty. This section does not apply to money or property held in trust. (99 v. 286 Sec. 75.)

General trust fund.

SECTION 9788. In the management of money and property held by it as trustee, under the powers conferred in the foregoing sections, such trust company may invest them in a general trust fund of the corporation. But the authority making the appointment, upon the conferring of it, may direct whether such money and property shall be held separately or invested in a general trust fund of the corporation; except that such corporation always shall follow and be governed by all directions contained in any instrument under which it acts. (99 v. 286 Sec. 76.)

Trust department not liable for other debts.

SECTION 9789. No money, property or securities received or held by such corporation under this chapter, establishing a trust department, shall be mingled with the investments of the capital stock or other moneys or property belonging to it, or be liable for its debts or obligations. (99 v. 286 Sec. 76.)

DEPOSITORY LAWS.

Board of deposit officers.

SECTION 321. There shall be a board of deposit, consisting of the treasurer of state, superintendent of banks and attorney general, which officers shall perform the duties herein prescribed. The treasurer shall be chairman of said board. The cashier of the state treasury shall be the secretary to the board and shall keep its records. A duly certified copy of such records shall be prima facie evidence of the matter appearing therein in any court of record. (102 v. 33 Sec. 1.)

Evidence.

Expenses; how paid.

SECTION 322. The necessary expenses of the board of deposit for books, stationery, printing and postage shall be paid from the state treasury from a fund appropriated for that purpose upon the order of the board certified by the chairman and secretary; but such expenses shall not exceed $1,000.00 in any one year. (102 v. 33, Sec. 2.)

Meetings; designation of depositories.

SECTION 323. It shall be the duty of said board to meet on the first Monday in April, 1911, and every two years thereafter, or as often as is necessary at the call of the chairman, after this bill becomes operative, and designate such national banks within the state and banks and trust companies doing business within this state, and incorporated under the laws thereof as the board deems eligible to be made state depositories. (102 v. 33 Sec. 3.)

Applications.

SECTION 324. Application of banks and trust companies to be made a state depository for the deposit of moneys of the state shall be made in writing and be filed with the chairman of the board of deposit. Such application shall contain a sworn statement showing the financial condition of the bank or trust company at the date of the application. Such application shall also specify the kind of bond or bonds it will furnish as security. (102 v. 33 Sec. 4.)

Action of board.

SECTION 325. Application of banks and trust companies shall be carefully considered by the board of deposit and its action on each application considered shall be endorsed thereon by the words "Approved" or "Rejected" and signed by each member of the board or a majority thereof. A bank or trust company whose application has been considered by the board and approved as herein provided shall be eligible to be a state depository. (102 v. 33 Sec. 5.)

Reserve in treasury.

SECTION 326. Treasurer of state shall not keep at any one time more than fifty thousand dollars ($50,000.00) as a reserve in the treasury vault, and all other moneys of the state shall be deposited as hereinafter provided. (102 v. 33 Sec. 6.)

Active and inactive depositories.

SECTION 327. There shall be two classes of depositories; one shall be known as active depositories and the other as inactive depositories. The treasurer of state may designate one or more banks or trust companies, or either of them located in Columbus, Ohio, eligible under the provisions of this act as active depositories; money deposited in the inactive depositories shall be used when money in the active depositories shall not be sufficient. (102 v. 33 Sec. 7.)

Competitive bidding.

SECTION 328. All awards for the deposit of state funds shall be made upon competitive bidding; bids shall

be received by the treasurer of state every two years, beginning between one o'clock p. m. on the first Monday in March and closing at one o'clock p. m. on the third Monday in March, 1911, and every two years thereafter. (102 v. 33 Sec. 8.)

Bids opened in public.

SECTION 329. Each bid shall state whether it is for an active or inactive deposit, amount bid for and rate of interest, and must be accompanied by an application and shall be sealed and plainly marked on the outside "BID FOR DEPOSIT." Beginning at one o'clock p. m. on the third Monday in March of each bidding period the bids shall be opened by the treasurer of state at his office in the presence of the public; all bids shall be preserved and be open to public inspection at all times. (102 v. 37 Sec. 9.)

SECTION 329-1. Evidence of a combination among bidders shall be deemed just cause for the rejection of any or all bids. (102 v. 33 Sec. 10.)

Award.

SECTION 330. After bids have been opened the treasurer of state shall on or before the first Monday in April of each bidding period award the state funds to the highest bidders. The treasurer of state shall deposit the state funds in such banks and trust companies after such applications have been approved by the board of deposit. Should additional state funds become available at any time during the two years or until the next bidding period, it shall be awarded to the highest bidders; first to the banks and trust companies from which deposits have been withdrawn to meet obligations of the state, second to those who failed to receive the full amount of their original award, and then the next highest bidders. (102 v. 33 Sec. 11.)

Duty of treasurer.

Limitation on deposits.

SECTION 330-1. No bank or trust company shall have on deposit at any one time more than its paid in capital stock and in no event more than three hundred thousand dollars ($300,000.00) as an inactive deposit. (102 v. 33 Sec. 12.)

Withdrawals.

SECTION 330-2. The treasurer of state may withdraw any or all of the state funds on deposit for the purpose of paying the appropriations and the obligations of the state; when necessary to withdraw funds from the inactive depositories it shall be withdrawn from the banks and trust companies paying the lowest rates of interest and in proportional amounts as near as practicable. (102 v. 33 Sec. 13.)

Securities specified.

SECTION 330-3. The treasurer of state before making such deposits shall require that each and every approved bank or trust company to deposit with him United States government bonds, bonds of this state, county, township, school district, road district, or municipal bonds of this

state at not less than their par value, in an amount equal to the amount of money to be deposited with such banks or trust companies, or surety company bonds, which when executed shall be for an amount equal to the amount deposited plus 5 per cent, conditional for the receipt and safe keeping and payment over to the treasurer of state or his written order of all moneys which may come into the custody of such bank, or trust company under and by virtue of this act, and the interest thereon when paid shall be turned over to the bank or trust company so long as it is not in default. And further, said bonds so given shall include a special obligation to settle with and pay to the treasurer of state for the use of the state interest upon daily balances on said deposit or deposits, at the rate bid for, but not less than 3 per cent. per annum for inactive deposits and 2 per cent per annum for active deposits (on a 365 day basis) payable quarterly on the first Monday of February, May, August and November of each year, or any time when withdrawals are made or the account is closed. (102 v. 33 Sec. 14.)

Interest on daily balances. Payable quarterly.

SECTION 330-4. Said banks and trust companies shall also file with the treasurer of state demand certificates of deposit in an amount equal to the total amount of the deposit and specify rate of interest to be paid. Said certificates shall be signed by the cashier or a duly authorized officer of said bank or trust company. (102 v. 33 Sec. 15.)

Demand certificates.

SECTION 330-5. All surety company bonds and certificates of deposit shall be made out on blank forms furnished by the treasurer of state. Said blank forms shall be approved by the attorney-general. (102 v. 33 Sec. 16.)

Blank forms.

SECTION 330-6. If, on demand or order of the treasurer of state, a state depository fails or refuses to pay over the deposit, or any part thereof made therein as provided by law, the treasurer of state shall sell at public sale any or all of the bonds deposited with him as collateral security for such deposits. Thirty days' notice of such sale shall be given in a newspaper published and of general circulation at the seat of government. Surety bonds shall contain a clause obligating said surety company to pay and settle with the state the amount due in full including interest within sixty days after notice is given. (102 v. 33 Sec. 17.)

Sale of securities; when.

Notice.

SECTION 330-7. When a sale of bonds has been made by the treasurer of state, and upon payment to him of the purchase money, the chairman and secretary of the board of deposit shall transfer such bonds whereupon the absolute ownership of the bonds shall pass to the purchasers thereof. Any surplus remaining after deducting the amount due the state and expenses of sale shall be paid to the bank or trust company making the deposit. (102 v. 33 Sec. 18.)

Transfer of bonds.

Title.

Surplus.

Non-liability of treasurer.

SECTION 330-8. The treasurer of state shall not be personally liable for moneys lost by reason of the failure or insolvency of a bank or trust company selected as a state depository in accordance with law. (102 v. 33 Sec. 19.)

Records and accounts.

SECTION 330-9. The treasurer of state shall keep in his office a record showing an account with each depository, both active and inactive, under which, entry shall be made showing the amounts of each deposit, the date of each, the rate of interest and withdrawals, the date thereof and the balance on deposit. Each such account to show the date and amount of interest received during each paying period. (102 v. 33 Sec. 20.)

Daily statement to auditor of state.

SECTION 330-10. The treasurer of state shall make out and transmit daily to the auditor of state a statement of the condition of all moneys in his hands and under his control of each day's business, and a copy thereof shall be transmitted at the same time to the governor. Such statement required shall show the amount in the inactive account, the amount in the active account, the amount of cash on hand, which shall include the amount in checks, drafts, post-office orders and other evidences of money and also the total of such items. (102 v. 33 Sec. 21.)

Surety.

SECTION 330-11. No person engaged or interested in the banking business as stockholder or otherwise shall be accepted or approved as surety on the bond of the treasurer of state. If said officer gives a surety company bond the annual premium, or premiums accruing thereon after the passage of this act shall be paid out of the funds in his hands on the approval of the governor, and there shall be appropriated out of any money in the state treasury to the credit of the general revenue fund not otherwise appropriated, but the amount shall not exceed eighteen hundred ($1,800.00) dollars in any one year. (102 v. 33 Sec. 22.)

Building and loan associations in flooded districts made depositories for state funds for period of not more than two years.

SECTION 1. That in order to meet the emergency arising from the devastation caused by the unprecedented floods of .....1913, in portions of the state of Ohio, and in order to conserve and preserve the life, health and peace of the people of those portions of the state of Ohio, the state treasurer of the state of Ohio, with the approval of the governor, is hereby authorized to deposit funds of the state of Ohio, not exceeding in the aggregate three million dollars, with building and loan associations organized under the laws of the state of Ohio and located in those portions of the state of Ohio so affected by the said floods, said sums to be deposited with said associations for a period not to exceed two years from the passage of this act. (103 v. 148.)

SECTION 2. Such of said associations in said portions of said state as desire to avail themselves of the provisions

of this act shall have the right at any time from the date of the passage hereof to apply to become depositories of said funds, and upon said associations being approved by the state board of deposits, in writing, to be proper depositories for the state funds, the state treasurer shall apportion and deposit said funds among said associations as in his judgment may be in accordance with the respective needs of, said associations and the territory in which they are located, but in no case shall any association have on deposit at any one time more than its paid-in capital stock, and in no event more than three hundred thousand dollars. The state treasurer shall apportion and deposit said funds from time to time as applications are received therefor. (103 v. 148.)

Temporary act not requiring sectional numbering.

SECTION 3. All deposits so deposited shall be in the form of inactive deposits and shall bear interest at the rate of four percentum, per annum, payable quarterly, and shall be secured by surety company bonds acceptable to the state treasurer for an amount equal to the amount deposited plus five percent., or by a deposit of state, county, municipal bonds of the state of Ohio or United States government bonds acceptable to the treasurer of the state of Ohio, equal to the amount deposited plus five percentum, conditional for the receipt and safe keeping and payment over to the state treasurer on his written order of all moneys..... .....which may so come into the custody of such associations. Such surety company bonds shall be made out on forms to be furnished by the treasurer of state, and to be approved by the attorney general. (103 v. 148.)

SECTION 4. Said associations shall also file with the state treasurer demand certificates of deposit in an amount equal to the total amount deposited, which shall specify the payment of interest at the rate of four per cent. payable quarterly, and shall be signed by the secretary or other authorized officer of said associations, and said associations shall have the option of redeeming said certificates at any interest paying period by repaying into the state treasury the amount so deposited, or any portion thereof in sums of not less than one thousand dollars with interest thereon to the date of repayment. (103 v. 148.)

SECTION 5. For the purpose of making the deposits provided for in this act, the treasurer of state is hereby authorized and directed to withdraw from the inactive depositories funds therein deposited in an amount not exceeding in the aggregate that mentioned in section one of this act; the treasurer of state is hereby authorized and directed to withdraw from the inactive depositories funds therein deposited in an amount not exceeding in the aggregate that mentioned in section one of this act; such withdrawals shall be made as far as possible from such inactive

depositories not located in territories affected by the floods mentioned in section one of this act, but in all other respects shall be made in conformity with the provisions of section 330-2 of the General Code. (103 v. 148.)

Active and inactive depositaries.

SECTION 2715. The commissioners in each county shall designate in the manner hereinafter provided a bank or banks or trust companies, situated in the county and duly incorporated under the laws of this state, or organized under the laws of the United States, as inactive depositaries, and one or more of such banks or trust companies located in the county seat as active depositaries of the money of the county. In a county where such bank or trust company does not exist or fails to bid as provided herein, or to comply with the conditions of this chapter relating to county depositaries, the commissioners shall designate a private bank or banks, located in the county as such inactive depositaries, and if in such county no such private bank exists or fails to bid as provided herein, or to comply with the conditions of this chapter relating to county depositaries, then the commissioners shall designate any other bank or banks incorporated under the laws of this state, or organized under the laws of the United States, as such inactive depositaries. If there be no such bank or trust company incorporated under the laws of the state, or organized under the laws of the United States, located at the county seat, then the commissioners shall designate a private bank, if there be one located therein, as such active depositary. No bank or trust company shall receive a larger deposit than one million dollars. (102 v. 59.)

Commissioners to designate; when.

Limitation.

Time to remain.

SECTION 2715-1. The deposits in active depositaries, as provided for in the next preceding section shall at all times be subject to draft for the purpose of meeting the current expenses of the county. The deposits in inactive depositaries shall remain until such time as the county treasurer is obliged to withdraw a portion or all of same and place it in the active depositary or depositaries for current use. Each bank or trust company, when submitting proposals as provided in section 2716 for the inactive deposits, shall stipulate the amount of money desired by such bank or trust company; and when the aggregate amount placed with all the banks and trust companies, qualifying for same, in any county, does not equal the amount that may be placed into inactive depositaries the county commissioners shall, upon securing sufficient additional security from any or all of such inactive depositaries authorize the county treasurer to increase the deposits therein; or such county commissioners shall in the manner herein provided designate a bank or banks or trust companies, located outside of the county in which the county treasurer shall deposit such excess funds. (102 v. 59.)

Increase deposits; additional security.

Publication inviting sealed proposals.

SECTION 2716. When the commissioners of a county provide such depositary, or depositaries, they shall publish for two consecutive weeks in two newspapers of opposite politics and of general circulation in the county a notice which shall invite sealed proposals from all banks or trust companies within the provisions of the next two preceding sections, which proposals shall stipulate the rate of interest, not less than two per cent per annum on the average daily balance, on inactive deposits, and not less than one per cent. per annum on the average daily balance on active deposits, that will be paid for the use of the money of the county, as herein provided. Each proposal shall contain the names of the sureties or securities, or both, that will be offered to the county in case the proposal is accepted. (102 v. 60.)

Rate on deposits.

Opening of proposals and award.

SECTION 2717. At the hour of twelve o'clock noon on the Monday next following the last insertion of such notice, the commissioners in open session shall open the sealed proposals and award the use of such money to the bank or banks or trust companies that offer the highest rate of interest therefor on the average daily balance, provided proper sureties, securities or both, are tendered in the proposal. (98 v. 274 Sec. 3.)

When funds may be awarded to other bidders.

SECTION 2718. If, on account of the large amount of money to be deposited, the highest bidder is not entitled to all the funds of the county, the commissioners, after according to the highest bidder all to which it is entitled, shall award the balance to the next highest bidder or bidders respectively. (98 v. 274 Sec. 1.

Funds. may be apportioned among highest bidders.

SECTION 2719. If two or more banks offer the same highest rate of interest with proper sureties, securities, or both, the use of the money shall be awarded to either of them, or the commissioners may award a portion of such money to each of such banks or trust companies. (98 v. 274, Sec. 3.)

Expenses and risks of deposits outside county seat.

SECTION 2720. If the award shall be to a bank or banks or trust companies outside the municipality at which the county seat is fixed, the expenses and risks of making deposits therein by the county treasurer as hereinafter provided, shall be borne by such bank or banks or trust companies. (98 v. 274 Sec. 3.)

Re-advertisement; what to contain.

SECTION 2721. If no proposals are received offering the rate of interest hereinafter prescribed, the commissioners shall at once again advertise in the same manner until acceptable proposals are received. Each subsequent advertisement shall also state whether any proposal was received under the preceding advertisement, and, if any, the bank or banks or trust companies and the rate of interest offered. (98 v. 274, Sec. 3.)

When award not binding.

SECTION 2722. No award shall be binding on the county nor shall money of the county be deposited thereunder until the hypothecation of the securities hereinafter provided, or until there is executed by the bank or banks or trust companies so selected and accepted a good and sufficient undertaking, payable to the county, in such sum as the commissioners direct, but not less than the sum that shall be deposited in such depositary or depositaries at any one time. (99 v. 465 Sec. 4.)

What sureties required.

SECTION 2723. Such undertaking shall be signed by at least six resident free-holders as sureties or by a fidelity or indemnity insurance company, authorized to do business within the state and having not less than two hundred and fifty thousand dollars capital, to the satisfaction of the commissioners, conditioned for the receipt, safe keeping and payment over of all money with interest thereon at the rate specified in the proposal, which may come under its custody under and by virtue of this chapter and under and by virtue of its proposal and the award of the commissioners, and conditioned for the faithful performance by such bank or banks or trust companies of all the duties imposed by law upon the depositary or deporistaries of the money of the county. (99 v. 465 Sec. 4.)

How undertaking shall be cancelled.

SECTION 2724. Such undertaking shall be continuous and remain in full force as to any and all deposits secured by it until surrendered or cancelled by ten days' written notice to the county commissioners, the county auditor and county treasurer, each separately, given by a surety thereunder to withdraw the money of the county in such depositary. If the money of the county so deposited is paid by such depositary to the county treasurer on his demand within such ten days, or if it furnishes and substitutes new and satisfactory undertaking or securities, as provided herein, such surety shall be released from his obligation, but not before. (99 v. 465 Sec. 4.)

Effect of surrender or cancellation.

SECTION 2725. No surrender or cancellation shall operate to relieve any surety or liability for deposits made before such notice was given, until such deposits are secured to the satisfaction of the county commissioners by resolution spread on their journal or until such deposits are returned to the county treasury. No such surrender or cancellation shall be accepted until satisfactory undertakings in the same amount shall be substituted therefor. (99 v. 465 Sec. 4.)

Form and effect of undertaking.

SECTION 2726. An undertaking substantially as follows shall be sufficient: "We obligate ourselves to the county of....., Ohio, for the receipt, safe keeping and re-payment of deposits made or to be made by the county treasurer of ..... county, with interest in the ..... bank to the amount of ..... dollars and interest and the performance of all duties re-

quired by law." Recovery of such bond shall be in the name of the county commissioners for the use of the county. No informalities or failure of the depositary to sign such undertaking shall impair it as a statutary undertaking and all other matters may be treated as surplusage. The same surety shall not be accepted on more than one undertaking as to any one depositary at the same time. No fidelity and indemnity insurance company shall be taken on any one bond in excess of twenty per cent. of its paid-up capital and surplus. By securing a deposit, a depositary shall be obligated to return the amount thereof with interest irrespective of the value of securities or the amount of such undertaking. (99 v. 465 Sec. 4.)

Approval of undertaking.

SECTION 2727. Such undertaking shall not be accepted by the commissioners until submitted to the prosecuting attorney and certified by him to be in legal form, which certificate shall be endorsed thereon. (98 v. 275 Sec. 5.)

Proceedings if bank fails to give bond or hypothecate securities.

SECTION 2728. If a bank or trust company to which an award is so made fails to execute an undertaking or to hypothecate bonds, as herein provided, within thirty days of the time the award is made, the commissioners may award the use of the money to any other bank or banks or trust companies whose written proposal offers the same rate of interest, as in the proposal of such defaulting bank or trust company. If no other bank or trust company offers such rate of interest in its proposal, the commissioners may award the use of such money to a bank or banks or trust companies whose written proposal offers therefor the next highest rate of interest. In either case, the undertaking and hypothecation shall be required to be executed. In case of such default, the commissioner shall advertise for others in the maner provided. (98 v. 275 Sec. 5.)

When and for what term bank becomes depositary.

SECTION 2729. Upon the acceptance by the commissioners of such undertaking, and upon the hypothecation of the bonds as hereinafter provided, such bank or banks or trust companies shall become the depositary or depositaries of the money of the county and remain such for three years or until the undertaking of its successor or successors is accepted by the commissioners. (98 v. 276 Sec. 6.)

Additional security; removal of deposits.

SECTION 2730. At any time they deem it necessary, the commissioners may require additional securities from the bank or banks or trust companies in such sum as they designate. If for the period of five days thereafter such bank or banks or trust companies refuse or neglect to give such additional security, the commissioners may order the removal of the county's deposits therefrom to the county treasury or designate some other bank or banks or trust companies temporary depositary thereof at the same rate of interest.

Such removal and other removals ordered by the commissioners under the provisions of this chapter relating to county depositaries, shall be made upon their written order and the check of the county treasurer after thirty days' notice to such depositary. (98 v. 276 Sec. 6.)

Temporary depositary shall give security and bonds.

SECTION 2731. If in case of such removal the money be deposited in a bank designated as a temporary depositary, before the receipt by it of any such money, such bank or trust company shall enter into an undertaking and hypothecate the bonds as required herein. If no bank or trust company be so designated, the money shall be kept in the county treasury and the commissioners shall at once create a new depositary under this chapter. (98 v. 276 Sec. 6.)

Securities specified.

SECTION 2732. In place of the undertaking provided for herein, the commissioners may accept as security for money so deposited the following securities:

(a) Bonds or other interest bearing obligations of the United States or those for the payment of principal and interest of which the faith of the United States is pledged, including bonds of the District of Columbia;

(b) Bonds of the state of Ohio;

(c) Legally issued bonds of any city, village, county, township or other political sub-division of this state and as to which there has been no default of principal, interest or coupons and which in the opinion of the treasurer are good and collectible, provided the issuing body politic has not defaulted at any time since the year 1880 in the payment of the principal and interest of any of its bonds. (101 v. 353.)

Security may be in part by undertaking.

SECTION 2733. Deposits may be made in the depositaries up to ninety per cent of the market value of such securities. The county commissioners may accept such securities as partial security and require an undertaking for the remainder of the full amount of security required by law, and in such undertaking such acceptance and the extent thereof shall be set forth. (99 v. 466 Sec. 7.)

Form of hypothecation; requisites as to transfer.

SECTION 2734. The hypothecation of such securities shall be the proper legal transfer thereof as collateral which shall stipulate that such securities shall be the property of the county in case of any default on the part of the bank in its capacity as depositary and that the negotiation or release thereof by the commissioners shall require the signature of each member of the board. (99 v. 466 Sec. 7.)

Interest; exchange of securities.

SECTION 2735. The county commissioners shall make ample provision for the safe keeping of hypothecated securities. The interest thereon, when paid, shall be turned over to the bank or trust company so long as it is not in default. The commissioners may make provisions for the

exchange and release of securities and the substitution of other securities or of an undertaking therefor. (99 v. 466 Sec. 7.)

Written notice; duty of treasurer.

SECTION 2736. Upon the receipt by the county treasurer of a written notice from the commissioners that a depositary, or depositaries, have been selected in pursuance of law, and naming the bank or banks or trust companies so selected, such treasurer shall deposit in such bank or banks or trust companies as directed by the commissioners, and designated as inactive depositaries to the credit of the county all money in his possession, except such amount as is necessary to meet current demands, which shall be deposited by such treasurer in the active depositary or depositaries. Thereafter, before noon of each business day, he shall deposit therein the balance, if any, remaining in his hands after having paid out of the receipts of the preceding business day, in cash, warrants presented to him for payment during such day, except as herein before provided. Such money shall be payable only on the check of the treasurer. (103 v. 562.)

Interest on daily balances.

Apportionment of interest.

SECTION 2737. All money deposited with any depositary shall bear interest at the rate specified in the proposal on which the award thereof was made, computed on daily balances, and on the first day of each calendar month or at any time such account is closed, such interest shall be placed to the credit of the county, and the depositary shall notify the auditor and treasurer, each separately, in writing of the amount thereof before noon of the next business day. All such interest realized on the money belonging to the undivided tax funds shall be apportioned by the county auditor to the state, cities, city school districts and county taxing or assessing districts in the proportion that the amounts collected for the respective political divisions or districts bear to the entire amount collected for the respective political divisions or districts bear to the entire amount collected by the county treasurer for such undivided tax funds and deposited as herein provided, due allowance being made for sums transferred in advance of settlements. All interest apportioned as the county's share together with all interest arising from the deposit of funds belonging specifically to the county shall be credited to the general fund of the county by the county treasurer. The county auditor shall inform the treasurer in writing of the amount apportioned by him to each fund, district or account. (101 v. 354.)

Monthly statement of depositary.

SECTION 2738. On the first business day of each month, each depositary shall notify the county auditor in writing of the amount of deposits made by the county treasurer for the preceding month, giving the amount and date of each deposit and the balance on deposit to the credit of the county at that time. (98 v. 277 Sec. 9.)

Monthly statement of auditor and treasurer.

SECTION 2739. At such time the auditor and treasurer of the county shall each prepare and submit to the commissioner a sworn statement of the finances of the county for the preceding month, which shall show the amount of money received to the credit of each fund and account, the amount disbursed from each, in the depositary or depositaries, and the balance in the treasury. The commissioners shall place such statements on file, together with the statement from the depositary, and forthwith post a duly certified copy of each in the office of the county auditor, which shall remain so posted at least thirty days for the inspection of the public. (98 v. 277 Sec. 9.)

Comparison of checks and statements.

SECTION 2740. On the first business day of each month, an officer of the county depositary or depositaries shall file with the county commissioners all checks of the county treasurer paid and redeemed by it during the previous month. The commissioners shall compare such checks with the report of the county treasurer, and if the statements of such depositary and of the treasurer do not agree, the commissioners shall forthwith give notice thereof to the treasurer and auditor, who shall thereupon ascertain and report to the commissioners the cause of such discrepancy. (98 v. 277 Sec. 9.)

When county treasurer exempt from liability.

SECTION 2741. A county treasurer who shall have fully complied with all the provisions of this chapter relating to county depositaries shall not be held personally liable on account of any loss which the county may have sustained by reason of the default or failure of any such depositary. (98 v. 277 Sec. 9.)

Effect of these provisions.

SECTION 2742. Nothing in this chapter relating to county depositaries shall in any manner change or affect the liability of treasurers of counties having depositaries under and in accordance with these provisions, except that they shall not be held liable for any loss of money deposited by them in the depositaries as provided herein while such money so deposited is in the custody of such depositary. (99 v. 467 Sec. 10.)

Penalty.

SECTION 2743. An officer of a county having a county deposit who willfully violates any provision of this chapter relating to county depositaries or wilfully neglects or refuses to perform any duties thereby imposed upon him shall be fined not more than ten thousand dollars for the use of the county or be imprisoned in the penitentiary not less than one year, nor more than ten years, or both. (99 v. 467 Sec. 11.)

Effect of receiving bank checks by treasurer.

SECTION 2744. A county treasurer may receive checks, but such receipt shall in no manner be regarded as payment. No sum shall be considered paid until the money therefor has been received by the treasurer or a depositary.

No responsibility shall attach in any manner directly or indirectly to a treasurer, his sureties or the county by reason of the receipt of a check and collection of checks shall be entirely at the risk of the person turning them into the treasury. (99 v. 468 Sec. 13.)

What existing law these provisions supersede.

SECTION 2745. Any provision of statute which conflicts with any provision herein relating to county depositaries shall be held to be superseded by the latter as to any inconsistency and not otherwise in counties having a depositary or depositaries for county funds under these provisions. If, for any reason, any such county is without a depositary for such funds, the money of its county shall be placed and remain in custody of the treasurer until another depositary is designated, and he shall be governed by the general laws relating to county treasurers. (99 v. 467 Sec. 12.)

County treasurer may open tax-receiving offices.

SECTION 2746. When, in his opinion, necessary, the county treasurer may open not to exceed one office in each township for the receiving of taxes. Such office shall be in a city or village in which is located a bank of deposit. The treasurer, his deputy or clerks, may attend at such office and receive taxes on any day or days prior to the twentieth day of June and the twentieth day of December of each year. They may remove from the county treasury to the place of collection records necessary for the receiving of taxes upon the day or days so fixed for that purpose. (100 v. 76 Sec. 1.)

Banks to furnish securities.

SECTION 2748. For the purpose of transportation, the county treasurer may deposit temporarily in any bank of deposit located at such place of collection any money received in the payment of taxes. A bank or banks receiving any such deposits shall deposit with the county treasurer such securities as the treasurer deems sufficient, subject to the approval of the county commissioners. The liability of the treasurer for any losses of money so deposited shall be the same as provided in this chapter in case of deposits by the county treasurer in county depositaries. (100 v. 76 Sec. 3.)

TOWNSHIP FUNDS.

Deposit of township funds.

SECTION 3320. The trustees of any township shall provide by resolution for the depositing of any or all moneys coming into the hands of the treasurer of the township, and the treasurer shall deposit such money in such bank, banks or depository within the county in which the township is located as the trustees may direct subject to the following provisions. (R. S. Sec. 1513.)

Resolution, what to contain.

SECTION 3321. The trustees of the township shall determine in such resolution the method by which bids shall be received, the authority which shall receive them, and

time for which such deposits shall be made, and all the details for carrying into effect the authority herein given, but all proceedings in connection with such competitive bidding and the deposit of such moneys shall be conducted in such manner as to insure full publicity and shall be open at all times to public inspection. (R. S. Sec. 1513.)

Where funds deposited.

SECTION 3322. In townships containing two or more banks, such deposits shall be made in the bank or banks situated in the township that offer at competitive bidding the highest rate of interest on the average daily balance on such funds, which in no case shall be less than two per cent., for the full time the funds are on deposit. Such bank or banks shall give a good and sufficient bond to be approved by the township trustees, for the safe custody of such funds in a sum at least equal to the amount deposited. No bank or depository shall receive a larger deposit of such funds than the amount of such bond and in no event to exceed three hundred thousand dollars. The treasurer of the township shall see that a greater sum than that contained in the bond is not deposited in such bank or banks, and such treasurer and his bondsmen shall be liable for any loss occasioned by deposits in excess of such bonds. (R. S. Sec. 1513.)

Minimum interest on township funds.

SECTION 3323. In a township in which but one bank is located, and the location thereof is convenient to the township treasurer, the funds of the township shall be deposited in such bank at a rate of interest not less than two per cent. on the average daily balance, but when the trustees have reason to believe that such bank is not a safe depository, or when the location thereof is inconvenient to the township treasurer, or when such bank refuses to pay at least two per cent. interest on such deposits, or in a township in which no bank is located, after the adoption of a resolution providing for the deposit of its funds, the trustees may enter into contract with one or more banks within the county, or in a county adjacent to the county of which the township is a part, that are conveniently located and which offer the highest rate of interest on the average daily balance, and which in no case be less than two per cent. for the full time the funds are on deposit. (R. S. Sec. 1513.)

Bond to secure deposits.

SECTION 3324. Such bank or banks shall give good and sufficient bond to the approval of the township trustees in a sum at least equal to the amount deposited for the safe custody of such funds, and the treasurer of the township shall see that a greater sum than that contained in the bond is not deposited in such bank or banks, and such treasurer and his bondsmen shall be liable for any loss occasioned by deposits in excess of such bonds. (R. S. Sec. 1513.)

Proceedings shall be open to the public.

SECTION 3325. Such resolutions and contracts shall set forth fully all details necessary to carry into effect the authority herein given. All proceedings connected with the adoption of the resolution and the making of the contract shall be conducted in such manner as to insure full publicity and shall be open at all times to public inspection.

All interest money derived in pursuance of these provisions shall be property of the township, and deposited as other funds. (R. S. Sec. 1513.)

Liability of treasurer.

SECTION 3326. When such depository is provided and the funds are deposited therein as herein directed, the treasurer of the township and his bondsmen shall be relieved of any liability occasioned by the failure of the bank or banks of deposit or by the failure of the guaranty company acting as surety for such bank or banks, or by the failure of either of them except as herein provided in cases of excessive deposits. (R. S. Sec. 1513.)

MUNICIPAL FUNDS.

Deposits of moneys.

SECTION 4294. Upon giving bond as required by council, the treasurer may, by and with the consent of his bondsmen deposit all funds and public moneys of which he has charge in such bank or banks, situated within the county, which may seem best for the protection of such funds, and such deposits shall be subject at all times to the warrants and orders of the treasurer required by law to be drawn. All profits arising from such deposit or deposits shall inure to the benefit of the funds. Such deposit shall in no wise release the treasurer from liability for any loss which may occur thereby. (97 v. 270 Sec. 135.)

Deposit of moneys may be provided for by ordinance.

Security by municipal depository required.

Interest bearing obligations that may be accepted as security.

Approval.

Securities accepted to secure funds of all political subdivisions.

SECTION 4295. The council may provide by ordinance for the deposit of all public moneys coming into the hands of the treasurer in such bank or banks, situated within the municipality or county, as offer, at competitive bidding, the highest rate of interest and give a good and sufficient bond issued by a surety company authorized to do business in this state, or furnish good and sufficient surety, or secure said moneys by a deposit of bonds or other interest bearing obligation of the United States or those for the payment of principal and interest of which the faith of the United States is pledged, including bonds of the District of Columbia; bonds of the state of Ohio or of any other state of the United States; legally issued bonds of any city, village, county, township or other political subdivision of this or any other state or territory of the United States and as to which there has been no default of principal, interest or coupons, and which in the opinion of the treasurer are good and collectible providing the issuing body politic has not defaulted at any time since the year 1900, in the payment of the principal and interest of any of its bonds, said security to be

subject to the approval of the proper municipal officers, in a sum not less than ten per cent. in excess of the maximum amount at any time to be deposited. And whenever any of the funds of any of the political subdivisions of the state shall be deposited under any of the depositary laws of the state, the sureties herein mentioned, in addition to such other securities as are prescribed by law, may be accepted to secure such deposits. (103 v. 113.)

Contents of ordinance; conduct of bidding.

SECTION 4296. In such ordinance the council may determine the method by which such bids shall be received, the authority which shall receive them, and which shall determine the sufficiency of the surety offered, the time for the contracts for which deposits of public money may be made, and all details for carrying into effect the authority herein given. Proceedings in connection with such competitive bidding and the deposit of money shall be conducted in such manner as to insure full publicity, and shall be open at all times to the inspection of any citizen. As to any deposits made under authority of an ordinance of the council pursuant hereof, if the treasurer has exercised due care, neither he nor his bondsmen shall be liable for any loss occasioned thereby. (97 v. .)

MUNICIPAL SINKING FUNDS.

Competitive bidding.

SECTION 4515. At least once every three years the trustees of the sinking fund shall advertise for proposals for the deposit of all sums held in reserve and shall deposit such reserve in the bank or banks, incorporated under the laws of this state or of the United States, situated within the county, which offer, at competitive bidding, the highest rate of interest and best security and accommodation and give a good and sufficient bond issued by a surety company authorized to do business in this state, or furnish good and sufficient surety in a sum not less than twenty per cent. in excess of the maximum amount at any time to be deposited. There shall not be deposited in any one bank an amount in excess of the paid-in capital stock and surplus of such bank, or to exceed in amount four hundred thousand dollars except when such moneys are deposited for the purpose of meeting the payment of some obligation. (101 v. 243.)

Maximum account.

Publicity.

SECTION 4516. The trustees of the sinking fund shall determine the method by which such bids shall be received, the authority which shall receive them, the sufficiency of the security offered, the time for the contracts for which the deposits of public money may be made and all details for carrying into effect the authority here given, but proceedings in connection with such competitive bidding and the deposit of money shall be conducted in such manner as to insure full publicity and shall be open at all times

to the inspection of any citizen. As to deposits made under this authority, neither the trustees of the sinking fund nor their bondsmen, if such trustees of the sinking fund have exercised due care, shall be liable for any loss occasioned thereby. (101 v. 243.)

When certain provisions do not apply.

SECTION 4516-1. The provisions of sections 4515 and 4516 of the general code shall not apply where sums held in reserve, by trustees of the sinking fund, are deposited in the city treasury, so as to become part of the general city balance to be deposited in banks as otherwise provided by law. (102 v. 466.)

SCHOOL FUNDS.

Resolution of board.

SECTION 7604. The board of education of any school district by resolution shall provide for the deposit of any or all moneys coming into the hands of its treasurer. But no bank shall receive a deposit larger than the amount of its paid in capital stock, and in no event to exceed three hundred thousand dollars. (101 v. 290.)

Competitive bidding.

SECTION 7605. In school districts containing two or more banks such deposit shall be made in the bank or banks, situated therein, that at competitive bidding offer the highest rate of interest which must be at least two per cent. for the full time funds or any part thereof are on deposit. Such bank or banks shall give a good and sufficient bond, or shall deposit bonds of the United States, the state of Ohio, or county, municipal, township or school bonds issued by the authority of the state of Ohio, at the option of the board of education, in a sum not less than the amount deposited. The treasurer of the school district must see that a greater sum than that contained in the bond is not deposited in such bank or banks and he and his bondsmen shall be liable for any loss occasioned by deposits in excess of such bond. (101 v. 290.)

Bids.

SECTION 7606. The board shall determine in such resolution the method by which bids shall be received, the authority which is to receive them, the time for which such deposits shall be made and all details for carrying into effect the authority herein given. All proceedings in connection with such competitive bidding and deposit of moneys must be so conducted as to insure full publicity and shall be open at all times to public inspection. If in the opinion of a board of education there has been any collusion between the bidders, it may reject any or all bids and arrange for the deposit of funds in a bank or banks without the district as hereinafter provided for in districts not having two or more banks located therein. (R. S. Sec. 3968.)

Contract of board and bank.

SECTION 7607. In all school districts containing less than two banks, after the adoption of a resolution providing for the deposit of its funds, the board of education may enter into a contract with one or more banks that are conveniently located and offer the highest rate of interest, which shall not be less than two per cent. for the full time the funds or any part thereof are on deposit. Such bank or banks shall give good and sufficient bond, or shall deposit bonds of the United States, the state of Ohio, or county, municipal, township or school bonds issued by the authority of the state of Ohio, at the option of the board of education, in a sum at least equal to the amount deposited. The treasurer of the school district must see that a greater sum than that contained in the bond is not deposited in such bank or banks, and he and his bondsmen shall be liable for any loss occasioned by deposits in excess of such bond. (101 v. 290.)

Maximum deposit.

What resolution to contain.

SECTION 7608. The resolution and contract in the next four preceding sections provided for, shall set forth fully all details necessary to carry into effect the authority therein given. All proceedings connected with the adoption of such resolution and the making of such contract must be conducted in such a manner as to insure full publicity and shall be open at all times to public inspection. (R. S. Sec. 3968.)

Bank failure; effect of.

SECTION 7609. When a depository is lawfully provided, and the funds are deposited therein, the treasurer of the school district and his bondsmen shall be relieved from any liability occasioned by the failure of the bank or banks or deposit or by the failure of either of them, except as above provided in cases of excessive deposits. (101 v. 290.)

GENERAL.

Mortgage loans security for deposit of public money.

SECTION 2288-1. Sec. 1. In addition to the undertakings or security provided for in sections 330-3, 2732, 4295 and 7607, it shall be lawful to accept first mortgages, or bonds secured by first mortgages bearing interest not to exceed six per cent. per anum, upon unincumbered real estate located in Ohio, the value of which is at least double the amount loaned thereon. If the amount loaned exceeds one-half of the value of the land mortgaged, exclusive of the structures thereon, such structures must be insured in an authorized fire insurance company, or companies, in an amount not less than the difference between one-half the value of the land, exclusive of the structures, and the amount loaned, and the policy or policies shall be assigned to the mortgagee. The value of such real estate shall be determined by valuation, made under oath, by two resident freeholders of the county where the real estate is located, who are conversant with real estate values. There shall be deposited with said mortgage, an abstract of title made by some com-

petent person or persons or company, accompanied by the opinion of a competent attorney, which opinion shall certify that the mortgage is a first lien upon the premises mortgaged, or said title shall be guaranteed by a company organized under, and which has complied with the provisions of section 9850 of the General Code. (103 v. 719.)

TAXATION OF BANK STOCK.

Const. Art. XII, Sec. 3:

The general assembly shall provide by law, for taxing the notes and bills discounted or purchased, moneys loaned, and all other property, effects, or dues, of every description, (without deduction) of all banks, now existing, or hereafter created, and of all bankers, so that all property employed in banking, shall always bear a burden of taxation, equal to that imposed on the property of individuals.

"Bank" and "bankers" defined.

SECTION 5407. A company, association, or person, not incorporated under a law of this state or of the United States, for banking purposes, who keeps an office or other place of business, and engages in the business of lending money, receiving money on deposit, buying and selling bullion, bills of exchange, notes, bonds, stocks, or other evidences of indebtedness, with a view to profit, is a bank, or banker, within the meaning of this chapter. (R. S. Sec. 2758.)

Shares or capital of banks, incorporated or unincorporated.

SECTION 5408. All the shares of the stockholders in an incorporated bank or banking association, located in this state, incorporated or organized under the laws of the state or of the United States, and all the shares of the stockholders in an unincorporated bank, located in this state, the capital stock of which is divided into shares held by the owners of such bank, and the capital employed, or the property representing it, in an unincorporated bank the capital stock of which is not divided into shares, located in this state, shall be listed at the true value in money, and taxed only in the city, ward, or village where such bank is located. . (R. S. Sec. 2762.)

Tax on real estate of bank.

SECTION 5409. The real estate of a bank or banking association shall be taxed in the place where it is located, in like manner as the real estate of persons is taxed. (R. S. Sec. 2763.)

Names of stock-holders and shares of each.

SECTION 5410. There shall be kept in the office at all times where the business of such bank or banking association is transacted, a full and correct list of the names and residences of the stockholders therein, and the number of shares held by each, which at all times during business hours shall be open to the inspection of all officers who are or may be authorized to list or assess the value of such shares for taxation. (R. S. Sec. 2764.)

Return made by cashier, etc., to auditor.

SECTION 5411. The cashier of each incorporated bank, and the cashier, manager or owner of each unincorporated bank, shall return to the auditor of the county in which such bank is located, between the first and second Mondays of May, annually, a report in duplicate under oath, exhibiting in detail, and under appropriate heads, the resources and liabilities of such bank at the close of business on the Wednesday next preceding the said second Monday, with a full statement of the names and residences of the stockholders therein, the number of shares held by each and the par value of each share, and of the amount of capital employed by unincorporated banks, not divided into shares, and the name, residence and proportional interest of each owner of such bank. (R. S. Sec. 2765.)

Auditor to fix value of bank shares or property.

SECTION 5412. Upon receiving such report the county auditor shall fix the total value of the shares of such banks, and the value of the property representing the capital stock of which is not divided into shares, each according to their true value in money, and deduct from the aggregate sum so found, of each, the value of the real estate included in the statement of resources as it stands on the duplicate. Thereupon he shall make and transmit to the annual state board of equalization for banks a copy of the report so made by the cashier, a manager or owner with the valuation of such shares or property representing capital employed as so fixed by the auditor. (R. S. Sec. 2766.)

When bank fails to make return.

SECTION 5413. If a bank fails to make and furnish to the county auditor the statement required, within the time herein fixed, the auditor shall examine the books of the bank; and also any officer or agent thereof under oath, with such other persons as he deems proper, and make such statement. The auditor shall have like powers, and the probate judge of the county shall exercise like powers, and perform like duties in aid of the auditor in the performance of his duties under this section, as authorized by law in cases where the county auditor is informed, or has reason to believe, that any person has failed to make a return, or has made a false return for taxation. The statement so made out by the auditor shall stand as its statement required to be made by the cashier. (R. S. Sec. 2769.)

Penalty for making false return.

SECTION 5414. A bank officer who fails to make out and furnish to the county auditor the return required by section fifty-four hundred and eleven, or wilfully makes a false statement in such return, shall forfeit not more than one hundred dollars together with the costs and other expenses incurred by the auditor or other proper officer in obtaining such statement. (R. S. Sec. 2769.)

Power to increase or decrease value of shares.

SECTION 5603. The commission may increase or decrease the value of the shares of incorporated banks, and also the shares of unincorporated banks, the capital stock of which is divided into shares, each of which shares is an aliquot part of the capital so divided, and of the property representing the capital employed by unincorporated banks, the capital stock of which is not divided into shares.

Report of cashier or manager.

On or before the first day of June, annually, each county auditor shall make and transmit to the commission a copy of the report made by the cashier, manager or owner of each bank, with the valuation of the shares, or property representing capital employed of the bank, as fixed by him. (102 v. 224 Sec. 136.)

Examination of bank returns.

SECTION 5604. On the third Tuesday of June of each year, the commission shall examine the returns of such banks to the county auditors, and the value of such shares and of the property representing the capital employed, as fixed by the county auditors, and reported to the commission. (102 v. 224 Sec. 137.)

Hearing.

SECTION 5605. The commission shall hear complaints and increase or decrease the value of such shares and property representing capital employed, if in the judgment of the commission, the value of all the bank property so reported to the commission, by the county auditors, is not its true value in money. (102 v. 224 Sec. 138.)

Certificate of valuations to county auditors.

SECTION 5606. On the third Tuesday of July, the commission shall certify to the auditors of the proper counties, the valuations of the shares of, and property representing capital employed by banks situated in such counties, which valuation shall be placed upon the property tax duplicate.

Review; corrections.

SECTION 5607. Between the date herein fixed for the examination of the returns of banks and the date herein fixed for the certification of the valuation of the shares of and property representing capital employed by such banks, the commission may, on the application of any interested person or bank, or on its own motion, review and correct its findings. (102 v. 224 Sec. 140.)

Tax a lien upon bank's shares.

SECTION 5672. Taxes assessed on shares of stock, or the value thereof, of a bank or banking association, shall be a lien on such shares from the first Monday of May in each year until they are paid. It shall be the duty of every bank or banking association to collect the taxes due upon its shares of stock from the several owners of such shares, and to pay the same to the treasurer of the county, in which such bank or banking association is located, as other taxes are paid, and any bank or banking association failing to pay the said taxes as herein provided, shall be liable by way of penalty for the gross amount of the taxes due from all the

Collection by tax.

Penalty.

owners of the shares of stock, and for an additional amount of one hundred dollars for every day of delay in the payment of said taxes. (102 v. 91.)

Banks may deduct taxes paid from shareholders when.

SECTION 5673. Such bank or banking association paying to the treasurer of the county in which it is located, the taxes assessed upon its shares, in the hands of its shareholders respectively, as provided in the next preceding section may deduct the amount thereof from dividends that are due or thereafter become due on such shares, and shall have a lien upon the shares of stock and on all funds in its possession belonging to such shareholders, or which may at any time come into its possession, for reimbursement of the taxes so paid on account of the several shareholders, with legal interest; and such lien may be enforced in any appropriate maner. (102 v. 91.)

PENAL STATUTES APPLICABLE TO BANKS AND BANKING.

Embezzling or misapplying bank funds.

SECTION 12473. Whoever, being an officer, employe, agent or director of a corporation incorporated and doing business as a commercial bank, savings bank, savings society, society for savings, savings and loan association, savings and trust company, safe deposit company or trust company or other corporation or association, except building and loan associations, having power to receive and receiving money on deposit, embezzles, abstracts or wilfully misapplies any of the money, funds, credit or property of such corporation, whether owned by it or held in trust, shall be fined not more than ten thousand dollars or imprisoned in the penitentiary not more than thirty years, or both. (99 v. 278, Sec. 44.)

Failure to keep secrets by bank examiner.

SECTION 12898. Whoever, being the superintendent of banks, a deputy assistant, clerk in his employ or an examiner, fails to keep secret the facts and information obtained in the course of an examination, except when the public duty of such officer requires him to report upon or take official action regarding the affairs of the corporation, company, society or association so examined, or wilfully makes a false official report as to the condition of such corporation, company, society or association, shall be fined not more than five hundred dollars or imprisoned in the penitentiary not less than one year nor more than five years, or both. Nothing in this section shall prevent the proper exchange of certain valuable information relating to banks and the business thereof, with the representatives of the banking departments of other states, or with the national bank authorities. (102 v. 174.)

Further penalty.

SECTION 12899. An official, violating any provision of the next preceding section, in addition to the penalties therein provided shall be removed from office and be liable,

with his bondsmen, in damages to the person or corporation injured by the disclosure of such secrets. (99 v. 291 Sec. 106.)

Receiving money when bank insolvent.

SECTION 13182. Whoever, being connected with or serving a commercial bank, savings bank, safety deposit company, trust company, or a combination of two or more of such classes of business, receives, or, being an officer thereof, permits an employe to receive money, checks, drafts or other property as a deposit therein when he has knowledge that it is insolvent, shall be fined not more than five thousand dollars or imprisoned in the penitentiary not more than five years, or both. (99 v. 293 Sec. 116.)

Unlawfully issuing certificate of deposit, etc.

SECTION 13183. Whoever, being an officer, employe, agent or director of a corporation incorporated and doing business as a commercial bank, savings bank, savings society, society for savings, savings and loan association, savings and trust company, safe deposit or trust company or other corporation or association, except building and loan association, having power to receive and receiving money on deposit, wilfully and fraudulently issues or puts forth a certificate of deposit, draws an order or bill of exchange, makes an acceptance, assigns a note, bond, draft, bill of exchange, mortgage, judgment or decree or makes a false entry in a book, report or statement of such corporation, shall be fined not more than ten thousand dollars or imprisoned in the penitentiary not more than thirty years, or both. (99 v. 278 Sec. 44.)

Fictitiously borrowing, etc., money.

SECTION 13184. Whoever, being an officer, employe, agent or director of such corporation as provided in the next preceding section, fictitiously borrows or solicits, obtains or receives money for the corporation not in good faith intended to be and not the property of the corporation, with intent to defraud or injure the corporation or another corporation or person or to deceive an officer of the corporation, or agent appointed to examine the affairs of the corporation, or publishes a false statement or report relating to the financial condition of the corporation with intent to defraud or injure it or another corporation or person, shall be fined not more than ten thousand dollars or imprisoned in the penitentiary not more than thirty years, or both. (99 v. 278 Sec. 44.)

Failing to charge certified checks.

SECTION 13185. Whoever, being an officer or employe of a corporation conducting a commercial bank, savings bank, safe deposit company, trust company or two or more of such classes of business in accordance with the laws of this state, wilfully certifies a check drawn on such corporation and fails forthwith to charge the amount thereof against the account of the person, firm or corporation drawing it, shall be fined not more than five thousand dollars or imprisoned in the penitentiary not less than one year nor more than five years, or both. (99 v. 275 Secs. 31, 33.)

Certifying check when not sufficient fund.

SECTION 13186. Whoever, being an officer or employe of such corporation as provided in the next preceding section, wilfully certifies a check drawn upon the corporation unless the person, firm or corporation drawing it has on deposit with the corporation an amount of money subject to the payment of such check and equal to the amount specified therein, shall be fined not more than five thousand dollars or imprisoned not less than one year nor more than five years, or both. A check so certified by an authorized officer thereof shall be a good and valid obligation against the corporation. (99 v. 275 Secs. 32, 33.)

Resorting to unlawful device.

SECTION 13187. Whoever, being an officer or employe of such corporation as provided in section thirteen thousand one hundred and eighty-five, resorts to a device, receives a fictitious obligation in order to evade the provisions of this section and the next two preceding sections, or certifies a check before the amount thereof has been regularly entered to the credit of the drawer thereof upon the books of such corporation, shall be fined not more than five thousand dollars or imprisoned not less than one year nor more than five years, or both. (99 v. 275 Sec. 33.)

False statement; penalty for.

SECTION 13383-1. Whoever, directly or indirectly, wilfully and knowingly makes or transmits to another, or circulates, or counsels, aids, procures or induces another to make, transmit or circulate, any false or untrue statement, rumor or suggestion derogatory to the financial condition, solvency or financial standing of any bank, savings bank, banking association, building and loan association or trust company, doing business in this state, or with intent to depress the value of the stocks, bonds or securities of any corporation, directly or indirectly, wilfully and knowingly makes or transmits to another, circulates, or counsels, aids, procures or induces another to make, transmit or circulate, any false or untrue statement, rumor or suggestion derogatory to the financial condition, or with respect to the earnings or management of the business of any corporation, or resorts to any fraudulent means with intent to depress in value the stocks, bonds or securities of any corporation shall be fined not more than one thousand dollars or imprisoned in the penitentiary not more than two years, or both. (103 v. 469.)

BANKS TO FURNISH CERTAIN INFORMATION TO SUPERINTENDENT OF INSURANCE.

Authority and power of superintendent of insurance.

SECTION 627-1. The superintendent of insurance is authorized and empowered to make written requistions upon the officers or directors of any national bank, state bank, state bank and trust company or private bank, of this state, for such information as he may require relating to the financial transactions of any of such institutions with any

insurance company, fraternal beneficiary association assessment asociation authorized to do business in this state. (101 v. 102.)

Duty of bank officers.

SECTION 627-2. It shall be the duty of any officer or director of any such bank or trust company upon the receipt of such requisition, or within five days thereafter, to furnish to such superintendent in writing all the information called for in such requisition and in such manner and form as therein directed. (101 v. 102.)

Penalty.

SECTION 627-3. Any officer or director of any such bank or trust company who fails, neglects or refuses to comply with the provisions of section two of this act shall be guilty of a misdemeanor and on conviction shall be fined not more than $500.00 nor less than $25.00. (101 v. 102.)

GENERAL PROVISIONS.

Investment in one stock or loan limited.

SECTION 9790. Not more than twenty per cent. of the capital and surplus of a corporation doing business under this chapter shall be invested in any one stock security or loan unless it be in bonds or other interest bearing obligations enumerated in paragraphs *b*, *c* and *d* of section ninety-seven hundred and fifty-eight, or in a building and vaults. (99 v. 283 Sec. 64.)

Deposits made in name of two persons payable to either.

SECTION 9790-1. When a deposit has been made, or shall hereafter be made, in any bank, savings bank, banking association or trust company transacting business in this state in the names of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons whether the other be living or not; and the receipt or acquittance of the person so paid shall a valid and sufficient release and discharge to the bank for any payment so made. (101 v. 120.)

Who may sign papers.

SECTION 9791. In proceedings connected with any authority exercised under this chapter, or under the chapter relating to the superintendent of banks, all accounts and other papers may be signed and sworn to in behalf of such corporation by any officer thereof duly authorized by it. The answers and examinations under oath, of such officer, shall be received as the answers and examinations of the corporation. A court may order and compel any officers of such corporation to answer and attend such examination the same as if they, instead of the corporation were parties to the proceedings or inquiry. (99 v. 286 Sec. 74.)

Investigation; report to court.

SECTION 9792. Any judge of a court in which such corporation is acting in such trust capacity, if he deems it necessary, or upon the written application of any party in-

terested in the estate which it holds in a trust capacity, at any time, may appoint a suitable person or persons, who shall investigate the affairs and management of such corporation concerning such trust and make sworn report to the court of such investigation. The expense thereof shall be taxed as costs against the party asking for such examination, or the trust fund of such corporation as the court decrees. Such court at any time may examine any officers of such corporation, under oath or affirmation, as to its trust matters in the court, or as to its finances and management while considering its appointment in such capacity; and for any cause, applicable to natural persons in the same capacity, order that such corporation forthwith settle its trust. (99 v. 287 Sec. 77.)

Corporations governed by this chapter.

SECTION 9793. Every banking company, savings bank, savings and loan association, savings and trust company, safe deposit and trust company, society for savings, savings society, and every other corporation or association, except building and loan associations, empowered to receive, and receiving money on deposit, now existing and chartered or incorporated, or which hereafter become incorporated shall be subject to the provisions of this chapter except that no such corporation or association having a less capital stock than the minimum amount provided in section ninety-seven hundred and four shall be required to increase its capital stock in order to conform to the provisions of such section. (99 v. 288 Sec. 91.)

No such association or corporation may avail itself of any of the privileges or powers conferred by this chapter until it has complied with the provisions of sections 9741 and 9742. No corporation or asosciation, shall be required to comply with the provisions of this chapter before April 1, 1910, but every such corporation and association, shall be subject to the inspection, examination and supervision of the superintendent of banks, as provided by law. (99 v. 288 Sec. 91.)

Records to be open to stockholders.

SECTION 9795. The books and records, except books and records of deposits and trusts, of every corporation, society or association operating under this chapter, at all reasonable times shall be open to the inspection of every stockholder. (99 v. 288 Sec. 91.)

Foreign banks to lend money only.

SECTION 9796. No bank or banking institution incorporated under the laws of any other state, shall be permitted to receive deposits, or transact banking business of any kind in this state, except to lend money. (99 v. 287 Sec. 80.)

Exceptions to this chapter.

SECTION 9797. Nothing in this chapter shall apply to or affect building and loan associations. (99 v. 294 Sec. 118.)

BLUE SKY LAW.

Const. Art. XIII, Sec. 2:

Corporations may be formed under general laws; but all such laws may, from time to time, be altered or repealed. Corporations may be classified and there may be conferred upon proper boards, commissioners or officers, such supervisory and regulatory powers over these organizations, business and issue and sale of stocks and securities, and over the business and sale of the stocks and securities of foreign corporations and joint stock companies in this state, as may be prescribed by law. Laws may be passed regulating the sale and conveyance of other personal property, whether owned by a corporation, joint stock company or individual.

Dealers in securities must be licensed.

SEC. 6373-1. Except as otherwise provided in this act, no dealer shall, from and after the first day of August, A. D., 1913, within this state, dispose or offer to dispose of any stocks, bonds, mortgages or other instruments evidencing title to or interest in property or other securities of any kind or character (all hereinafter termed "securities"), issued or executed by any private or quasi-public corporation, co-partnership or association (except corporations not for profit, organized under the laws of this state) or by any taxing subdivision of any other state, territory, province or foreign government, without first being licensed so to do as hereinafter provided. (103 v. 743.)

Securities defined.

SEC. 6373-2. The term "securities," as used in this act, shall not be deemed to include conveyances of real estate located in Ohio, book accounts, or commercial paper, or other evidences of indebtedness running not more than one year; or, where the same have not been judicially declared invalid, and where at the time of such sale, there is no default in payment of any part of the interest or principal of the same:

Mortgage bonds secured by Ohio real estate exempt.

a. Mortgage bonds and notes (other than corporate bonds where more than fifty per cent. of the entire issue is not included in a sale to one purchaser) secured by mortgage on real estate in the state of Ohio; provided, that such mortgage and all superior subsisting liens upon said real estate shall not aggregate more than the appraised value thereof, for taxation;

Securities of quasi-public corporations exempt, when.

b. Securities of quasi-public corporations, the issuance of which has been authorized by the public service commission of this state;

Securities issued by bank, etc., exempt.

c. The stock, note or other obligation of any national bank, or of any bank, trust company or building and loan association, organized under the laws of this state and subject to examination and supervision by the proper authorities thereof; or any instrument for the unconditional payment of a certain sum of money, the full payment of the principal and interest of which shall be unconditionally guaranteed, through endorsement or otherwise, by such national bank or such other bank, company or association.

Dealer defined.

The term "dealer," as used in this act, shall be deemed to include any person or company, except national banks, disposing, or offering to dispose, of any such security, through agents or otherwise, and any company engaged in the marketing or flotation of its own securities either directly or through agents or underwriters or any stock promotion scheme whatsoever; except:

May dispose of own property.

a. An owner, not the issuer of the security, who disposes of his own property, for his own account, when such disposal is not made in the course of continued or successive transactions of a similar nature by such owner;

Trustee exempt.

b. One who, in a trust capacity created by any law of the United States or of this or any other state or by judicial authority, lawfully disposes of any property embraced within such trust;

When banks exempt.

c. A bank or trust company, organized under the laws of this state and subject to examination and supervision by the proper authority thereof, selling a security for a licensee, other than the issuer or underwriter thereof, at a commission of not more than two per cent., where such bank or trust company is not a regular dealer in securities;

May sell to licensee.

d. One, not the issuer, who disposes of securities to a licensee under this act or to a company which, as a part of its regular business, deals in or holds such securities;

Pledgee exempt.

e. A pledgee selling, in the ordinary course of business and not in continued or successive transactions, a security pledged to him as security for debt in good faith and not for the purpose of avoiding the provisions of this act;

Issuer organized under laws of Ohio, must make and file this statement.

f. An issuer, organized under the laws of this state, where the disposal, in good faith and not for the purpose of avoiding the provisions of this act, is made directly to its stockholders or by its own officers, without any commission and at a total expense of not more than two per centum of the proceeds realized therefrom and where no part of the issue is issued, directly or indirectly, in payment for patents, services, good will, or for property not located in this state; provided that the president and secretary of the issuer shall, prior to such disposal, file with the "commissioner" a written statement setting forth the existence of all such facts.

Definitions.

As used in this act, the term "company" shall include any corporation, co-partnership or association, incorporated or unincorporated, and whenever and wherever organized; "dispose of" shall be construed to mean "sell, barter, pledge or assign for a valuable consideration or obtain subscriptions for"; "issuer", the original issuer; and where the context demands it, words in the present tense include the future tense; in the masculine gender include the feminine and neuter gender; in the singular number include the plural, and in the plural, the singular number; the word "whoever" includes all persons, natural and artificial, principals, agents and employees; "and" may be read "or", and "or", "and". (103 v. 743.)

SEC. 6373-3. Before such license shall be issued to any dealer, there shall be filed by him with the superintendent of banks, herein termed the "commissioner", together with a filing fee of ten dollars, an application for such license, together with information, in such form as shall be determined by such "commissioner," setting forth: $10 fee to accompany application.

a. Names and addresses of the directors and officers if such applicant be a corporation or association, and of all partners if it be a partnership, and of the person if the applicant be an individual, together with the names and addresses of all agents of such applicant assisting in the disposal of such securities; Names and addresses.

b. Location of the applicant's principal office and of his principal office in the state, if any; Location.

c. The general plan and character of the business of said applicant, together with references, which the "commissioner" shall confirm by such investigation as he may deem necessary, establishing the good repute in business of such applicant, directors, officers, partners and agents; Business to be transacted under license.

If the applicant be a corporation organized under the laws of any other state, territory or government, or have its principal place of business therein, it shall also file a copy of its articles of incorporation, certified by the proper officer of such state, territory or government, and of its regulations and by-laws; and if it be a co-partnership or unincorporated association, a certified copy of its articles of co-partnership or association, or deed of settlement. Copy of articles of incorporation of foreign corporation.

The applicant at the same time shall also file with said "commissioner" a duly executed written instrument, irrevocable, consenting that any action brought against such applicant, arising out of the disposal of such securities by him or his agents, may be brought in Frankin county, and that, in the event that proper service of process cannot be had upon such applicant in such county, service of process made therein by the sheriff of such county, by sending a copy thereof by registered mail, at least thirty days prior to taking judgment in such case, addressed to such applicant at the place of his principal office named in his appplication or such other place as the applicant may thereafter designate in writing filed with the "commissioner", shall have the same effect as if personally made upon the applicant, according to the laws of this state. (103 v. 743.) Consent to service and jurisdiction.

SEC. 6373-4. Notice of all applications for registration as a licensed dealer in such securities shall be published in a daily newspaper of general circulation in the city where the applicant's principal place of business in the state is located, or in the city of Columbus if the applicant has no place of business in the state and no such application shall be acted on by the "commissioner" until the expiration of one week from the date of such publication, but shall be acted upon within twenty days after proof of such publication has been filed with him. If the "commissioner" be No action until seven days after publication.

Publication to be made and paid for by applicant.

satisfied of the good repute in business of such applicant, directors, officers, partners and agents, he shall, upon the payment of an annual fee of fifty dollars, and five dollars additional for each agent named in the application, register the applicant as a licensed dealer in such securities, and issue to him a license, containing the name of the applicant and all such agents, renewable annually upon payment of such annual fee, unless revoked as herein provided. The expense of all publications provided for in this act shall be paid by the applicant for license. (103 v. 743.)

Must be renewed at beginning of each calendar year. $10 for additional agent.

SEC. 6373-5. Such license shall be taken out at thee beginning of each calendar year, but it may be issued at any time for the remainder of a calendar year, and in such case the annual fee shall be reduced pro rata but in no case shall it be less than twenty-five dollars. Upon the payment of a fee of ten dollars for each specified agent not named in such license, when issued, the same may at any time be amended or supplemented to include such agent. Upon the written request of such applicant, accompanied by a fee of

$2 for revocation.

two dollars, such license shall be revoked as to any agent or agents of such applicant, and an amended license shall thereupon be issued for such applicant and his remaining agents; and thereafter the applicant shall not be bound by

Must publish application for amendments.

the acts of the agent whose license has been revoked. Notice of such amendments shall also be published as aforesaid. (103 v. 743.

Commissioner may revoke license, when.

SEC. 6373-6. Such "commissioner" may at any time revoke any such license, or refuse to renew the same, upon ascertaining that the licensee:

a. Is insolvent or is of bad business repute;

b. Has violated any provision of this act; or

c. Has engaged, or is about to engage, under favor of such license, in illegitimate business or in fraudulent transactions; and, he shall at once lay before the prosecuting attorney of the proper county any evidence which shall come to his knowledge of criminality under this act.

No dealer whose license has been revoked shall be relicensed within one year from the date of such revocation.

Notice of revocation or refusal.

SEC. 6373-7. At least five days before refusing or revoking a license, or refusing upon proper application presented on or before the 10th day of December to renew at expiration a license previously issued, the "commissioner" shall send by registered mail to the licensee, at the address named in the application for license, written notice of his intention so to do, specifying therein the reason for the refusal or revocation of such license. (103 v. 743.)

Petition for reversal of commissioner's ruling.

SEC. 6373-8. Any one whose license shall be refused or revoked, or to whom a renewal of license previously issued may be denied, may file, within thirty days thereafter in the court of common pleas of Franklin county, a petition

against the commissioner, officially, as defendant, alleging therein in brief detail the plaintiff's qualifications to be licensed, and praying for a reversal of the official action complained of. Upon service of summons upon said defendant, returnable within three days from its date, but otherwise made as in civil actions, he shall, within one week from such return, file an answer, in which he shall allege by way of defense the grounds previously assigned in his notice to such applicant or licensee, and such other grounds as shall, in the meantime, accrue or be discovered. All allegations of the answer shall be deemed to stand denied without further pleading and, upon application of either party, the cause shall be advanced and heard without delay. Merely technical irregularities in the procedure of such "commissioner," shall be disregarded and the burden shall rest upon the plaintiff to disprove the grounds assigned and specified in the official action complained of. The court's decision shall consult only the rights of plaintiff and protection of the public and shall be final and shall not be subject to modification, vacation or reversal; but its judgment sustaining the refusal of the "commissioner" to grant or renew a license shall not bar, after thirty days, a new application by plaintiff for a license, nor shall its judgment in favor of the plaintiff prevent such "commissioner" from thereafter revoking such license for any cause which may thereafter accrue or be discovered. (103 v. 743.)

Court's decision final.

SEC. 6373-9. Before such licensee shall dispose, or offer to dispose, of any of such securities, within this state, he shall file with such "commissioner," in such form as shall be determined by him, the following information concerning such securities if issued by any company;

Must file statement of condition of issuer.

(a). The name, location of principal office of the issuer and the names of its officers and directors, or if a copartnership, the partners;

(b). A statement of the issuer, showing, in general detail, the assets and liabilities, surplus and capital stock of the issuer, as of a date as late as the close of its last fiscal year, and of its gross income, expenses, net earnings and fixed charges, for one year last prior thereto, or for such time as the issuer has been in business, if less than one year.

(c). A pertinent description of such securities, and the purpose of said issue;

(d). If the securities be of a taxing subdivision of any other state, territory, province or foreign government, and are not an obligation of the entire taxing subdivision and payable out of the proceeds of a general tax, there shall be filed the information required by paragraph (c) and (e) of this section and, in addition thereto a statement of the licensee, setting forth the nature of the obligation of such securities, how payment of the same is secured and that, to the best of his knowledge, there is no default in the payment of any part of the interest or principal of such secu-

rities and are no adjudications adversely affecting, or pending suits questioning the validity of the same; and

(e). Unless the foregoing information be excused under the provisions of the following section, the approximate price at which the licensee purposes to dispose of such securities. (103 v. 743.)

Statement of condition of issuer need not be filed, when.

SEC. 6373-10. The information required in the preceding section need not be filed:

(a). Unless required by the "commissioner," if the same has been filed by any other licensee; or

(b). If actual current sales of the securities, at prices quoted, shall have been, from time to time, for not less than one year next preceding such disposal, published in the tabulated market reports of the news columns of a daily newspaper published and of general circulation in this state; or

(c). Where there is a disposal of securities, the price paid or consideration rendered for which, in a single transaction, by one disposee, shall amount to five thousand dollars or more; or

(d). Where the securities disposed of are those of manufacturing or transportation companies, or of common carriers or other public utilities, issued and outstanding in the hands of bona fide purchasers for value, prior to February 1st, 1913, where such companies were on said date, and shall be at the time of sale, actual going concerns, either directly or through leases, and where there shall be at the time of sale no default in payment of any part of the interest or principal of such securities; or

(e). Where the information required, other than the approximate selling price, is contained in any standard manual of information, approved by such "commissioner"; or

(f). Where the disposal is made for a commission of less than one per centum of the par value thereof, by a licensee who is a member of a regularly organized and recognized stock exchange and who has an established and lawfully conducted place of business in this state, regularly open for public patronage as such. (103 v. 743.)

Circulars, etc., to be filed.

SEC. 6373-11. Every dealer, before or at the time of issuing or circulating the same, shall file with the "commissioner" one copy of each prospectus, circular or other document of like nature and of each advertisement, issued or circulated by him in connection with the sale of any such securities of the classes referred to in section nine hereof; which documents shall each bear a serial number. (103 v. 743.)

Insurance companies.

SEC. 6373-12. No person or company shall, for the purpose of organizing or promoting any insurance company, or of assisting in the flotation of its stock after organization,

dispose or offer to dispose, within this state, of any such stock, unless the contract of subscription or disposal shall be in writing, and contain a provision substantially in the following language:

"No sum shall be used for commission, promotion and organization expenses on account of any share of stock in this company in excess of— — — — — — — per cent. of the amount actually paid upon separate subscriptions, or, in lieu thereof there may be inserted, '$ — — — — — — —per share from every fully paid subscription,' and the remainder of such payments shall be invested as authorized by the law governing such company and held by the organizers (or trustees as the case may be) and the directors and officers of such company after organization, as bailees for the subscriber, to be used only in the conduct of the business of such company after having been licensed and authorized therefor by proper authority."

Expense not to exceed 15%.

The amount of such commission, promotion and organization expenses shall in no case exceed fifteen per cent. of the amount actually paid upon the subscription.

Funds and securities held by such organizers, trustees, directors or officers, as bailees, shall be deposited with a bank or trust company of this state or invested as provided in sections ninety-five hundred and eighteen and ninety-five hundred and nineteen of the General Code until such company has been licensed as aforesaid. (103 v. 743.)

Liability of one who counsels or advises the purchase without disclosing agency.

SEC. 6373-13. Whoever counsels, advises or procures any person to purchase any security and receives for such advice or services any commission or reward from the owner or salesman, without disclosing to the purchaser the fact of his agency or his interest in the sale of such security, shall be liable to the purchaser for the amount paid by him for such security, with interest, upon the tender of such security to such adviser within one year subsequent to the transaction. (103 v. 743.)

Statement of information to be filed by issuer.

SEC. 6373-14. No dealer, for the purpose of organizing or promoting any company, or assisting in the flotation of the securities of any company after organization, shall, within this state for or on behalf of the issuer or any underwriter thereof, dispose or attempt to dispose of any such security unless such dealer be licensed as provided herein and until, together with the filing fee of five dollars, there be filed with the "commissioner" the application of such issuer for the certificate provided for in section sixteen of this act, and, in addition to the other information hereinbefore required:

Five dollar filing fee.

(a). A certified copy of the articles of incorporation, or association of the issuer, its regulations and by-laws;

(b). Certified copies of all minutes of stockholders and directors relative to the issue of such securities;

(c). A sworn statement made by the president and secretary of the issuer, showing in detail the items of cash, property, services, patents, good will, and any other consideration for which such securities have been or are to be issued in payment;

(d). Like certified copies of all contracts or agreements between the issuer and any underwriter of such securities, and, if disposed of by the issuer, all contracts and agreements relative to the sale and disposition thereof, and any such contracts or agreements made subsequent thereto shall be filed immediately upon the execution thereof;

(e). All contracts made between such underwriter and any salesman, agent or broker; and until such "commissioner" shall issue his certificate, as provided in section sixteen hereof.

Does not apply to certain issuers.

This section shall not apply where the issuance of the securities has been approved by the public service commission or like body of any state of the United States or any province of the Dominion of Canada, or where the disposal is made by or on behalf of an underwriter who, in good faith and not for the purpose of avoiding the provisions of this act, purchases the securities disposed of and pays therefor in cash or its equivalent, before attempting to dispose of the same, not less than 90 per centum of the price at which such securities are thereafter disposed of. The certificate provided for in section 16 of this act shall not be required where the securities are those of a common carrier or of a company organized under the laws of this state and engaged only in the business of manufacturing, transportation, coal mining or quarrying, and the whole or a part of the property covered by such securities, is located within this state; nor of a real estate or building company all of whose property covered by such securities is located in this state; nor in cases where information is dispensed with under the provisions of paragraphs (d) and (f) of section ten hereof.

Certificate.

The information required by paragraphs (d) and (e) of this section shall be for the information of the "commissioner" only, and shall not be disclosed by him, except when lawfully required in a judicial proceeding. (103 v. 743.)

Licensed dealer only may deal in foreign real estate.

SEC. 6373-15. No person or company, other than a dealer licensed as hereinbefore provided, shall within this state, in repeated or successive transactions, deal in real estate not located in Ohio; and, unless so licensed and the "commissioner" shall issue his certificate as provided in the following section, and, prior to such issuance, there shall, together with a filing fee of ten dollars, be filed with the "commissioner" an application for such certificate and a written statement of the dealer containing a pertinent description of the real estate the disposal of all or a part of which is sought to be made, the nature and source of title of the owner thereto, and the amount or value and the na-

Ten dollar filing fee.

ture of the consideration paid or allowed by him therefor, it shall, within this state, be unlawful:

(a). For any corporation or any person, association or co-partnership doing business under any name other than the name or names of such person or of all the members of such association or co-partnership to dispose or offer to dispose of any real estate not located in Ohio.

(b). For any person or company to sell or offer for sale any such real estate, the owner of which is, or is represented to the purchaser to be, a corporation, or any person or company of the character described in the foregoing paragraph, where such corporation, person or company is engaged in the business of dealing in real estate.

This section shall apply where the title to such property is held in the name of a trustee for any corporation or for any such described person or company; but it shall not be deemed to prohibit the disposal by an owner of his own property, in good faith and not for the purpose of avoiding the provisions of this act, where the transaction is not one of repeated transactions of a similar nature, performed as a part of the business of dealing in real estate; nor shall it be deemed to prohibit a railroad company having an immigration bureau or department from advertising either directly or through its accredited representatives, the fact that there are along its route lands for colonization or sale; provided that such advertising be not of specific tracts of real estate, and not for the purpose of avoiding the provisions of this act. (103 v. 743.)

Examination of dealer, issuance of certificate.

SEC. 6373-16. Said "commissioner" shall have power to make such examination of the issuer of the securities or the owner of the property, named in the two preceding sections, and of such securities or property, as he may deem advisable; and if he shall find that the law has been complied with, and is satisfied that said company is solvent, that its business is properly and legitimately conducted, and that its proposed disposal of its securities or other property is not on unfair terms, upon the payment of a fee of twenty dollars he shall issue his certificate to that effect, authorizing such disposal; but if he shall not affirmatively so find, and is not so satisfied, he shall notify the applicant, in writing, of such finding and of his refusal to issue such certificate. Said applicant shall have the right of review of such finding given to a dealer by section eight hereof. (103 v. 743.)

Fee of twenty dollars for certificate.

Commissioner in no wise recommends securities certificated.

SEC. 6373-17. Such certificate shall recite in bold type that the "commissioner" in no wise recommends such securities or other property; and no person or company shall advertise, in connection with the sale of such securities, the fact that such certificate has been issued unless such advertisement also contains in bold type a copy of such recital. (103 v. 743.)

Additional liability.

SEC. 6373-18. In addition to the liability now imposed by law, any person or company that, by written or printed circular, prospectus, statement or advertisement of any kind, shall offer for subscription or purchase any security, or receive the profits accruing from the disposal of securities so advertised, shall be liable to any person who, on the faith of such advertisement or document, acquires such security, for the loss or damage sustained by him by reason of any untrue statement contained therein, unless such person or company shall establish that he or it had no knowledge or notice of the publication of such advertisement prior to the transaction complained of, or had just and reasonable grounds to believe the statements thereof to be true. Wherever any corporation shall be so liable, the directors thereof shall also be, under like limitations, jointly and severally liable. Any such director, upon the payment of a judgment so obtained against him, shall be subrogated to the rights of the plaintiff against such corporation and shall have the right of contribution for the payment of such judgment, under like limitations, against any of his fellow directors. Lack of reasonable diligence to ascertain the fact of such publication or the falsity of any statement therein contained, shall be deemed to be knowledge of such publication and of the falsity of any untrue statement thereof. Any action brought against such director, based upon the liability hereby imposed, shall be brought within two years after the acquisition of the security by any person so damaged or after payment of the judgment for which contribution is sought. (103 v. 743.)

If issuer be an insurance company, must apply to insurance department for certificate in section 16.

SEC. 6373-19. If the issuer of such securities be a company incorporated, organized or formed to make any insurance named in subdivisions I and II, division III, title IX of the General Code, the "commissioner", for all the purposes named in sections 14 and 16 of this act, shall be the superintendent of insurance of this state. In addition to the powers given to, and the duties prescribed to be performed by, such "commissioner", under said sections, the superintendent of insurance shall have, over any such company disposing or attempting to dispose of any of its securities within this state, the powers of regulation, supervision and examination conferred on him by law, with reference to companies licensed to transact the business of insurance within this state. (103 v. 743.)

Penalty for false statement, etc.

SEC. 6373-20. Whoever knowingly makes any false statement of fact in any statement or matter of information required by this act to be filed with the "commissioner", or in any advertisement, prospectus, letter, circular or other document, containing an offer to dispose or solicitation to purchase, or commendatory matter concerning, such securities or real estate, with intent to aid in the disposal of the same, or whoever knowingly violates any of the provisions of sections 12, 14 or 15 of this act, or for the purpose of

aiding in the disposal of any security or real estate, knowingly makes any false statement or representation concerning any license or certificate issued under the provisions hereof, shall be fined not less than one hundred dollars nor more than five thousand dollars, or imprisoned in the penitentiary not more than one year, or both; and whoever violates any of the other provisions of this act shall be fined not less than fifty dollars nor more than one thousand dollars, or imprisoned in the county jail or workhouse not more than sixty days, or both. (103 v. 743.)

Accused presumed to have knowledge.

SEC. 6373-21. In any prosecution brought under this act, the accused shall be deemed to have had knowledge of any matter of fact where, in the exercise of reasonable diligence, he should, prior to the commission of the offense complained of, have secured such knowledge. Information and indictments under this act need not negative any of the exceptions enumerated in sections two, ten and fourteen hereof. (103 v. 743.)

Act does not limit other liability.

SEC. 6373-22. Nothing herein contained shall limit or diminish the liability of any person or company now imposed by law, or prevent the prosecution of any person or company violating any of the provisions of this act, for the violation of any other statute or of any other provision hereof. (103 v. 743.)

SEC. 6373-23. Nothing herein contained shall be so construed as to impair the obligation of prior contracts. (103 v. 743.)

Funds turned into State Treasury.

SEC. 6373-24. The superintendent of banks is hereby authorized to appoint such clerks as are actually necessary to carry out the provisions of this act and to fix their salaries; such appointments and salaries to be subject to the approval of the governor. All fees received hereunder by the "commissioner" shall be deposited by him with the treasurer of state upon the warrant of the auditor of state. (103 v. 743.)

INDEX.

	Section.	Page.
ACCOUNTS—		
Must Keep Separate Accounts of the Different Kinds of Business Done	9740	41
Of Minors	9770	48
Of Stockholders	9738	39
AMENDMENTS—		
To Articles of Incorporation	9743	41
To Code of Regulations	9730	26
ANNUAL ELECTION—		
Of Directors	9713	25
ANNUAL MEETING—		
Of Stockholders	9713	25
ANNUAL REPORTS—		
Of Superintendent of Banks	743	5
Printing of	744	5
APPOINTMENTS—		
Of Superintendent of Banks	710	3
Of Examiners and Clerks	712	3
ARTICLES OF INCORPORATION—		
Acknowledgment of	9703	23
Amendments to	9743	41
Capital Stock	9703*d*	23
Certification by County Clerk	9705	24
Certified Copies of	9705	24
Filed, How and Where	9705	24
Exceptions in Filing	9705	24
When Not to be Filed	9705	24
Name of Corporation	9703*a*	23
Location	9703*b*	23
Purpose	9703*c*	23
Evidence	9707	24
ASSETS—		
Report of Condition of	737	9
Of Consolidated Banks, Transfer of	9748	42
BANKS—		
Name of (Provisions)	9706	24
Incorporated in Other States, Can Do No Business Except to Lend Money	9706	24
Privileges and Powers of this Act Conferred Upon, When	9741	41
Must Conform to this Act April 1, 1910	9742	41
Books and Records of Open to Inspection of Stockholders	9795	53
Must Make and Publish Statements	737	9
When May Begin Business	9721	27
BANKING HOUSE AND LOT—		
Commercial Banks	9753	43
Savings Banks	9702	23
Safe Deposit Company	9772	48
Trust Companies	9774	47

	Section.	Page
BOARD OF DIRECTORS—(See Directors.)		
BONDS—		
Investments—		
Commercial Banks	9753	33
Savings Banks	9765	36
Trust Companies	9781	49
Registering, etc., by Safe Deposit Companies	9773	39
As Savings Banks Reserve	9764	36
Deposit of — By Trust Company with State Treasurer	9778	48
BONDS (OFFICIAL)—		
Of Officers	9734	29
Of Superintendent of Banks	716	4
Of Examiners	716	4
Directors as Such Not Required to Give	9734	29
BILLS OF EXCHANGE—		
Discount of	9754	33
BLUE SKY LAW—(Article 13, Const. 77)—		
Securities, Dealers in must be Licensed	6373–1	77
Securities, Defined	6372–2	77
Dealer, Defined	6373–2	78
Bankers not Dealers, When	6373–2	78
Corporations, Domestic, Must File Statement	6373–2–*f*	78
License, Application for and Fee	6373–3	79
Publication of Notice	6373–4	79
License, Renewal of	6373–5	80
Fees	6373–5	80
License, Revocation of	6373–6	80
Revocation, Notice of	6373–7	80
Ruling of Commissioner, Review of	6373–8	80
Issuer of Securities, Statement of Condition	6733–9	81
Exemptions	6373–2	78
	6373–10	82
Advertisements, Etc.	6373–14	83
	6373–11	82
Insurance Companies	6373–17	85
	6373–12	82
	6373–19	86
Agency, Failure to Disclose — Penalty	6373–13	83
Certificate, Application for	6373–14	83
Real Estate, Dealer in	6373–15	84
Examination of Issuer or Owner	6373–16	85
Certificate, What Shall Contain	6373–17	85
Liability	6373–16	85
False Statement, Penalty for	6373–18	86
Knowledge Presumed	6373–20	86
Liability, Not Limited	6373–21	81
	6375–22	87
CAPITAL STOCK—		
Minimum Amount of	9704	23
Shares, Amount of	9703	23
How Subscribed and Paid in	9710	25
Payments of, How Certified	9711	25
Must Have Fifty Per Cent. Paid in Before Authorized to Begin Business	9716	26
Balance, How Paid and Certified	9716	26
When Subscriber Fails to Pay, How Sold	9717	26
Increase of	9725	28
Reduction of	9726	28
Transfer of	9724	28
Must Not Advertise More Than is Paid in	9745	32
Payments on Certified to the Superintendent of Banks	9716	26
Subscription Books, How Opened	9710	25

	Section.	Page.
CAPITAL STOCK—Concluded.		
Must All be Subscribed	9716	26
Canceled, How Replaced	9719	26
Record of	9738	30
Cannot be Taken as Collateral or Purchased Except to Secure Debt	9761	36
Must Have	9723	27
CASH RESERVE—(See Reserve.)		
CERTIFICATES—		
To Begin Business, When May Be Issued by the Superintendent of Banks	9721	27
To Begin Business Must Be Published	9722	27
CERTIFIED CHECKS—		
When Charged	13185	73
Penalty for Fraudulent Issue of	13186	74
CHARTER—(See Articles of Incorporation.)		
CODE OF REGULATIONS—		
Adoption of	9709	25
Amendments to	9709	25
CONSOLIDATION—		
Of Banks, Manner of	9752	32
Rights of Creditors	9748	32
COMMERCIAL PAPER—		
Discount of	9754	33
CASHIER—(See Officers.)		
CERTIFICATES OF DEPOSIT—		
May be Issued	9769	37
Fraudulent Issue of	13183	73
CONSOLIDATION—		
Consolidation Companies May How	9844	45
Consent of Stockholders	9843	45
Deposit and Trust Companies	9842	45
Proceedings	9845	45
Status After Consolidation	9846	45
Officers of Consolidated Company	9847	46
Creditors Right of	9848	46
Fees for	9849	46
Title Guaranty & Trust Companies	9850	46
Capital Required	9851	46
Deposits How Held	9852	47
Operation Limitation of	9853	47
Surplus Deposit	9854	47
Laws Governing	9855	47
Reports	9856	47
COMMERCIAL BANKS—		
Incorporation of	9702	23
Capital of	9704	23
Banking House and Lot, Cost of	9753	33
Real Estate, May Take to Secure Loans	9753	33
Loans—		
Not to Exceed Twenty Per Cent. to One Person, Firm or Corporation	9754	33
Mortgage on Real Estate	9756	34
Personal or Collateral Security	9758	34
On U. S. Bonds or those Secured by the U. S.	9758	34
Bonds of Any State of the U. S.	9758	34

	Section.	Page.
COMMERCIAL BANK—Concluded.		
Municipal Bonds of U. S. or Canada	9758	34
Bonds of Regularly Incorporated Companies	9758	34
Reserve	9759	35
Deposits—		
In Other than Reserve Banks	9755	34
May Allow Interest on	9757	34
Payable on Demand Unless Otherwise Agreed	9757	34
Real Estate—		
How Long Held	9753	33
Limit of	9758	34
CORPORATIONS—		
Powers of	9708	24
Increase of Powers	9743	31
Decrease of Powers	9743	31
Shall Not Transact Business Until Authorized by Superintendent of Banks	9715	26
May Do the Several Kinds of Business, but Must Keep Separate Accounts	9740	31
Governed Same as Other Corporations if Not Inconsistent with	9714	25
May Come Under New Law, How	9741	31
Must Conform to the "Thomas Law," April 1, 1910	9742	31
Reports of Condition to Superintendent of Banks	737	9
Loans, Limit of to One Person, Firm or Corporation	9754	33
Shall Not Make Loans on Own Stock	9761	36
Consolidation of	9748	32
Articles of Incorporation of	9703	23
Number of Incorporators	9702	23
Name of (Provisions)	9703	23
Location of	9703	23
Purpose of	9703	23
New, Preliminary Examination of	9720	27
Capital Must Have	9704	23
Capital, Must Not Advertise More than is Paid in	9745	32
Regulations, How Adopted and Amended	9709	25
DEPOSITS—		
Interest May be Allowed on	9757	34
Refusal to Pay as Agreed	9749	21
Directors Shall Prescribe Terms	9767	37
Of Trust Company With State Treasurer	9778	48
When Not to be Received	13182	73
DEPOSITARY LAWS—		
Board of Deposit Officers	321	50
Expenses of Board How Paid	322	51
Meetings	323	51
Application for Deposits	324	51
Action of Board	325	51
Reserve in Treasury, Amount of	326	51
Depositories, Active and Inactive	327	51
Competitive Bidding for	328	52
Bids Opened How	329	52
Rejection of Bids	329-1	52
Awarded, When	330	52
Limitation on Deposits	330-1	52
Securities Specified	330-3	52
Withdrawals	330-2	52
Interest Payable When	330-3	53
Demand Certificates	330-4	53
Blank Forms Furnished by Treasurer	330-5	53
Securities Sale of	330-6	53
Transfer of Funds	330-7	53
Funds of State Non-Liability of	330-8	54
Records and Accounts	330-9	54

DEPOSITARY LAWS—Continued.	Section.	Page
Statement Daily	330-10	54
Surety	300-11	54
Building & Loans Associations Temporary Act Sec. 1		54
Active and Inactive	2715	56
Time to Remain	2715-1	56
Publication Inviting Proposals	2716	57
Opening of Proposals	2717	57
Funds Awarded	2718	57
May be Apportioned	2719	57
Expenses and Risks	2720	57
Re-advertisement	2721	57
Award Not Binding	2722	58
Undertaking Sureties Required	2723	58
Undertaking, Canceling of	2724	58
Surrender of When Accepted	2725	58
Form of Obligation	2726	58
Submission to Prosecuting Attorney	2727	59
Failure to Hypothecate Proceedings on	2728	59
Term of Depositary	2729	59
Removal of Deposits	2730	59
Temporary Depositary	2731	60
Securities Specified	2732	60
Securities, Accepted by County Commiss	2733	60
Hypothecation, form of	2734	60
Safe, Keeping of Securities	2735	60
Written Notice	2736	61
Apportionment of Interest	2737	61
Monthly Statement of Depositary	2738	61
Monthly Statement of Auditor and Treasurer	2739	62
Comparison of Statements	2740	62
County Treasurer Exempt from Liability	2741	62
Effect of provisions	2742	62
Penalty for Violation	2743	62
Treasurer may Receive Checks	2744	62
Conflicting Statutes	2745	63
Tax Receiving Offices	2746	63
Securities to be Furnished by Banks	2748	63
Township Funds—		
Deposit, of	3320	63
Resolution of Trustees	3321	63
Funds, Deposited Where	3322	64
Interest, Minimum to be Paid	3323	64
Securities for Deposits	3324	64
All Proceedings Public	3325	65
Liability of Treasurer	3326	65
Municipal Funds—		
Deposits of Moneys	4294	65
Ordinance Providing for Deposits	4295	65
Ordinance, Contents of	4296	66
Municipal Sinking Funds—		
Competitive Bidding	4515	66
Publicity of	4516	66
Provisions Not Applicable	4516	67
School Funds—		
Resolution of Board	7604	67
Competitive Bidding	7605	67
Bids	7606	67
Contract of Board and Bank	7607	68
Resolution, What to Contain	7608	68
Failure of Bank, Effect of	7609	68

	Section.	Page.
DEPOSITARY LAWS—Concluded.		
General Provisions—		
Corporations Governed	9793	76
Deposits in Two Names	9790–1	75
Security for Deposit of Public Money	6288–1	68
DIRECTORS—		
First Board, How Chosen	9712	25
Annual Election of	9713	25
Term of	9727	28
Voting for—Each Share of Stock Entitled to One Vote	9730	29
May Appoint an Executive Committee	9728	28
Number of	9727	28
Residents of this State, Three-fourths Must be	9731	29
Oath of	9732	29
Meetings of	9727	28
Loans, Action on	9728	28
Must Each Own at Least Five Shares of Stock	9731	29
Vacancies	9733	29
Bond—Directors as Such Not Required to Give	9734	29
May Declare Dividends, When	9735	29
Examining Committee, How Appointed	9736	30
May Authorize Loans on Real Estate by a Two-thirds Vote	9756	34
May Authorize Purchase of Mortgage Bonds or Collateral Trust Bonds by Commercial Banks	9758	34
May Authorize Purchase of Stocks by Savings Banks	9765	36
May Authorize Purchase of Stocks by Trust Companies	9781	49
May Approve Collateral Securing Promissory Notes	9781	49
No Investments Made Except Upon Approval of	9784	49
May Appoint Reserve Banks	9759	35
DIVIDENDS—		
When and How Declared	9735	29
Provisions for	9735	29
EXECUTIVE COMMITTEE—		
Appointment of	9728	28
Number of	9728	28
Duties and Powers of	9728	28
Meetings of	9728	28
Record of Proceedings of	9728	28
Loans to Members of	9729	28
ELECTIONS—(See Also Appointments.)		
Of Directors	9713	25
Of Directors—Vacancies	9733	29
EXAMINING COMMITTEE—		
Appointment of	9736	30
Reports of	9736	30
EARNINGS—		
Disposition of	9735	29
Calculation of	9735	30
EXPENSE—		
Department of Banks and Banking	713	3
Department of Banks and Banking, Report of	743	5
Special Examinations	721	6
EXAMINERS—		
Appointment of	712	3
Salary of	713	3
Expenses of	714	3
Shall Accept No Other Compensation	723	6
Must Not be Interested in Banks	717	4
May Administer Oath	725	6
Must Not Reveal Information	12898	72

	Section.	Page
EXAMINATIONS—		
Annual, by Examining Committee	9736	30
Semi-Annual, by State Examiners	724	6
Preliminary, of New Corporations	9720	27
Special, Upon Request of Stockholders or Directors	720	5
Made Without Previous Notice	734	7
FEES—		
Annual to be Paid by Banks	736	8
Annual to be Paid by Dealers in Securities	6373-5	80
Foreign Trust Companies	736c	8
Initial Fee, Banks	736b	8
Paid Into State Treasury	6373-24	87
	722	6
	726-2	9
Penalty If Not Paid on or Before November 15	736-1	8
Special Examinations	720	5
FINES — (See Penalties.)		
FOREIGN CORPORATIONS—		
Incorporations of Other States Not Allowed to do Banking Business Except to Loan Money	9796	76
INVESTMENTS—		
Kinds Permitted (See Loans) Not Invalidated by This Act	9739	30
Made Prior to Enactment of This Law	9744	32
INCORPORATIONS — (See Corporations).		
INCORPORATORS—		
Number Required	9702	23
Residents of this State Majority Must be	9702	23
INFORMATION—		
Superintendent of Insurance, to be Furnished to	627-1	74
Officers to Furnish, When	627-2	75
Penalty for Failure to Furnish	627-3	75
Superintendent of Banks, Must Furnish to	737	9
Superintendent of Banks, Must Furnish to	739	9
Superintendent of Banks, Must Furnish to	740	9
INTEREST—		
Allowed on Deposits	9763	36
INCREASE OF CAPITAL STOCK—		
Provisions for	9725	28
Sale of Additional	9725	28
LIABILITIES—		
Reports of Condition of	737	9
LIQUIDATION — (Voluntary.)		
Provisions for	9747	22
Notice of and Publication of	9747	22
LIQUIDATION BY AGENT—		
Discharge of Superintendent	742-13	20

LIQUIDATION BY SUPERINTENDENT OF BANKS—	Section.	Page.
Possession — When May Take	742	16
	9749	21
	731	7
	9750	22
Notice of	742-1	16
	742-3	17
Special Deputy—		
May Appoint	742-2	16
Bond of	742-2	16
Certificate of Appointment	742-2	16
Expense of Liquidation	742-4	18
Claims of Creditors—		
Presentation and Proof	9750	22
Rejection of	742-3	17
List of — Where Filed	742-5	18
Objection to by Others	742-8	19
Inventory — Where Filed	742-5	18
Moneys Collected — Where Deposited	742-6	18
Dividends — When and How Paid	742-7	19
Receiver — When Courts May Appoint	742-10	19
Receivership — When Vacated	742-10	19
When Proceedings May be Enjoined	742-9	19
Meeting of Stockholders—		
When Called by Superintendent	742-11	20
Action	742-12	20
When Bank May Resume Business	742-1	16
Distribution — Final	742-16	21
	742-14	21
LOANS—		
Commercial Banks	9758	34
Savings Banks	9765	36
Safe Deposit Companies	9772	39
Trust Companies	9783	49
On Real Estate—		
Commercial Banks	9756	34
Savings Banks	9765	36
Safe Deposit Companies	9772	39
Trust Companies	9784	49
Limit to Amount of — To Any One Person, Firm or Corporation	9790	75
Personal or Collateral Security	9758*a*	34
Bonds — U. S. or Those Guaranteed by the U. S.	9758*b*	34
Bonds — Of Any State of the U. S.	9758*c*	34
Bonds — Municipal	9758*d*	34
Bonds — Mortgage Bonds or Collateral Trust Bonds	9758*e*	34
Discontinue Making — Until Reserve is Restored	9760	35
Cannot Loan on "Own Stock"	9761	36
Deposits in "Other Than Reserve Banks" Held to be a Loan	9755	34
To "Officers and Directors"	9729	28
Renewal or Extension of Loans Made Prior to the Passage of This Act Must First be Approved by the Superintendent of Banks	9744	32
NAME—		
Of Banks — (Provisions)	9706	24
Must Begin With "The" and End With "Bank" or "Company"	9703*a*	23
OFFICERS—		
Election of	9713	25
Bond of	9734	29
Loans to	9729	28
Examination of — Under Oath	725	6
Oath of — To Reports	738	9
May Answer in Law	9791	75

	Section.	Page.
OATH—		
Directors Must Take	9732	29
Superintendent, Clerks and Examiners — Must Take	716	4
Superintendent and Examiners May Administer	725	6
PROXY—		
Stockholders May Vote by	9730	29
PRESIDENT — (See Officers.)		
PROFITS — (See Earnings.)		
PENALTIES—		
For Giving Information	12898	72
Embezzlement, etc.	12473	72
Failure to Make Report	741	10
How Collected	9746	32
How Credited	9746	32
False Statement Derogatory to Condition of Banks	13383-1	74
Fictitiously Borrowing, etc.	13184	73
Unlawful Device	13187	74
PASS BOOKS—		
Savings Banks Must Issue	9768	37
PRIVATE BANKS—		
Bank, Use of Word Prohibited When	744-1	10
Certificate of Authority to Commence Business	744-3	11
Detailed Statement Must Be Filed	744-2	10
Depositors First Lien Upon Assets	744-6	13
Dissolution of	744-8	13
False Certification of Check	744-10	14
General Code Sections of Applicable	744-9	13
Posting of Notice	744-5	12
Penalty for Certifying Check Without Deposit	744-10	14
Penalty for Receiving Deposit When Insolvent	744-11	14
Penalty for False Entry	744-11	15
Public Funds, Right to Bid for	744-12	15
Reports of, When Filed	744-7	13
Subject to Inspection	744-13	15
Superintendent May Take Possession	744-4	12
Statement of Information Filed With Sec'y of State	744-2	10, 11
"Unincorporated" Must Appear on All Stationery	744-6	13
PUBLICATION—		
Annual Report of Superintendent of Banks	744	5
Report of Condition of Banks	739	9
Certificate of Authority to Begin Business	9722	27
REAL ESTATE — (Provisions.)		
Commercial Banks	9753	33
Savings Banks	9762	36
Safe Deposit Companies	9772	39
Trust Companies	9774	47
REGULATIONS — (See Code of Regulations.)		
REPORTS—		
Annual—		
Of Superintendent	743	5
Printed	744	5
Of Examining Committee	9736	30
Of Condition—		
Superintendent Shall Call For	737	9
Must be Returned in Ten Days	739	9
Penalty for Failure to Comply	741	10

	Section.	Page.
REPORTS—Concluded.		
Publication of	739	9
Contents of	738	9
Special Call	740	9
Must be Sworn to	738	9
Same Date for all	738	9
REDUCTION OF CAPITAL STOCK—		
Provisions for	9726	28
Not Below Minimum Figure	9726	28
Notice of	9726	28
Must Have Approval of the Superintendent	9726	28
RESERVE—		
Of Commercial Banks	9759	35
Of Savings Banks	9764	36
Of Trust Companies	9787	50
When Deficient	9760	35
RESERVE BANKS—		
Appointment of	9759	35
RESIDENCE—		
Qualification of Incorporators	9702	23
Qualifications of Directors	9731 9732	29 29
SALE—		
Stocks	9718	26
STOCKHOLDERS—		
First Meeting of	9711	25
Annual Meeting of	9713	25
Voting, One Vote for Each Share of Stock	9730	29
Proxy, May Vote by	9730	29
Books Open to Inspection of (except certain)	9795	76
SAVINGS BANKS—		
Capital Stock of	9704	23
Deposits	9763	36
Reserve of	9761 9766	36 37
Loans Made by	9765	36
Investments of	9765	36
Terms of Deposit, Directors Shall Prescribe	9767	37
Pass Books, Must be Issued	9768	37
Account of Minor	9770	38
Banking House and Lot	9762	36
Limit to Amount of Loans, To One Person, Firm or Corporation	9765*a* 9771	37 38
Real Estate Owned, Other than Banking House and Lot	9762	36
Bonds as Reserve	9764	36
Checks, When not Paid	9769	37
Incorporated under Act of 1867	9810	38
Investments	9811	38
Investments	9812	38
Investments	9813	38
Surplus	9811	39
Of Charter, may Continue Business Under	9815	39
STATEMENTS — (See Reports.)		
State Penalty for Use of Word	9752 1 9752–2	32 33

	Section.	Page.
SAFE DEPOSIT COMPANIES—		
Capital Stock of	9704	23
Banking House and Lot	9772	39
May Receive Property for Safe Keeping	9773	39
May Act as Agent, In Registering, etc., Stocks, Bonds, etc.	9773	39
Investments	9772	39
Powers of	9816	40
May Act as Agent or Trustee	9817	40
Court May Order Money Deposited With	9818	40
May Receive Money or Property in Trust	9819	40
Trust Money May be Loaned or Invested How	9820	40
Limitation of Loans and Investments	9821	41
Steamship Mortgages May Invest in	9822	41
Terms of	9823	41
Insurance of Mortgaged Property	9824	41
Trust Money Accounts Kept Separate	9825	42
Trust Department	9826	42
Reserve Funds	9827	42
Trustee	9828	42
Capital Held as Security	9829	42
Officers Compelled to Answer in Court	9830	43
Trust Money How Invested	9831	43
Trust Money to be Kept Separate	9832	43
Stockholders Liability of	9833	43
Trustee to Notify Auditor	9834	43
Dividends How Paid	9836	44
Capital Must be Paid Up	9837	44
Increase of Capital	9838	44
Assignment Transfer Stock	9839	44
Investment of Trust Money	9840	44
Investment Limitation	9841	44
Papers Executed How	9830	43
SECURITIES — (See Blue Sky Law.)		
SURPLUS—		
Creation of	9735	29
STOCK LEDGER—		
Record of Stock	9738	30
Open to Inspection of Stockholders	9738	30
STOCKS—		
Investments in, Limit of	9790	75
STOCKS — (See Capital Stock.)		
SECRETARY — (See Officers.)		
SPECIAL EXAMINATION — (See Examinations.)		
SEAL—		
Of Superintendent of Banks	31	4
Of Corporations	9708	24
SUPERINTENDENT OF BANKS—		
Appointed by the Governor	710	3
Term of Office	710	3
Duties of	711	3
Salary of	2250	4
How Paid	2260	5
Expenses of, How Paid	714	3
Bonds of	716	4
Oath of	716	16
Seal of	31	4
Office of, Location	719	4
Certificates of, Received in Evidence	718	4

	Section.	Page.
SUPERINTENDENT OF BANKS—Concluded.		
Clerks, May Employ	713	3
Examiners, May Employ	712	3
Examinations, Must Examine at Least Twice Each Year	724	6
Special Examination, May Make on Request	721	6
Fee and Expense, For Special Examination Shall Collect	720	5
Copies of Records and Certificates of, Good for Evidence	733	4
Not to Reveal Information	12898	72
Must not Accept Extra Compensation	723	6
May Summon in Writing	726	6
Subpoena, May Ask Probate Court for	727	7
Penalty for Refusal to Obey Subpoena	728	7
Must be Allowed to Inspect	729	7
Must not be Interested in any Bank	717	4
Articles of Incorporations, Copy of Must be Filed With	9705	24
Reduction of Capital Stock, May Approve of	9726	28
Report of Examining Committee, Must be Filed With	9736	30
Sale of Securities, May Require Sale of	9744	32
	9758*e*	34
Examinations Must be Without Previous Notice	734	7
Impairment of Capital, Must Require Made Good	730	7
May Apply for Receiver on Failure of Bank to make Good its Reserve	9760	35
Suits, Must be in the Name of the State of Ohio	732	4
Calls for Reports of Condition, Not Less than Four Each Year	737	9
Special Call for Report of Condition, May Make	740	9
Penalty for Failure to Report, Must Impose	741	10
Preliminary Examination of New Corporations	9720	27
Certificate to Begin Business, May Issue	9721	27
Certificate to Begin Business, May Withhold	9721	27
Annual Report, Shall Make	743	5
Annual Report, Shall Print	744	5
Voluntary Liquidation of Banks, Notice of Must be Filed With	9747	22
When May Take Possession of Bank	9749	21
	731	7
TAXATION OF BANK STOCK—(Article 12, Const. 69)—		
Banks and Bankers Defined	5407	69
Capital, Shares of	5408	69
Real Estate, Tax on	5409	69
Names of Stockholders	5410	69
Returns by cashier	5411	70
Valuation of Shares, How Fixed	5412	70
Return, Failure to Make	5413	70
False Return, Penalty for	5413	70
Value of Shares, Power to Increase	5603	71
Returns, Examination of	5604	71
Complaints	5605	71
Valuation, Certificate of	5606	71
Correction	5607	71
Lien Upon Shares	5672	71
Taxes, May Deduct from Shareholders	5673	72
TRANSFER OF STOCK — (See Capital Stock.)		
TREASURER — (See Officers.)		
TRUST COMPANIES		
Capital Stock of	9704	23
Real Estate, May Purchase	9774	47
Powers of	9775	47
Court May Direct Deposits in	9776	48
Capital and all Effects Liable	9777	48
Deposits With State Treasurer	9778	48
Deposits and Trusts, How Loaned	9781	49

TRUST COMPANIES—Concluded.	Section.	Page.
Ground Rent Investments	9782	49
Loans, Limit in Amount to One Person, Firm or Corporation	9783	49
Mortgage Loans on Real Estate, Only Upon Approval of Board of Directors	9784	49
Capital, How Loaned	9785	49
Surplus, How Loaned	9785	49
Trust Funds, How Managed	9788	50
Officers of, May Answer in Law	9791	75
Reserve	9787	50
Investigation, Judge of Court May Order	9792	75
Trust Department, Must Have Separate	9786	50
When Trust Deed or Mortgage Void	9780	48
Trust Department Not Liable for Other Debts	9789	50
Deposit With Treasurer of State	9779	48
VACANCIES—		
In Board of Directors	9733	29

VICE-PRESIDENT — (See Officers.)

INDEX BY SECTIONS.

Section.	Page.
31	4
321	50
322	51
323	51
324	51
325	51
326	51
327	51
328	51
329	52
329–1	52
330	52
330–1	52
330–2	52
330–3	52
330–4	53
330–5	53
330–6	53
330–7	53
330–8	54
330–9	54
330–10	54
330–11	54
627–1	74
627–2	75
627–3	75
710	3
711	3
712	3
713	3
714	3
715	3
716	4
717	4
718	4
719	4
720	5
721	6
722	6
723	6
724	6
725	6
726	6
727	7
728	7
729	7
730	7
731	7
732	4
733	4
734	7
735	8
736	8
736–1	8
736–2	9
737	9
738	9
739	9
740	9
741	10
742	16
742–1	16
742–2	16
742–3	17
742–4	18
742–5	18
742–6	18
742–7	19
742–8	19
742–9	19
742–10	19
742–11	20
742–12	20
742–13	20
742–14	21
742–15	21
742–16	21
743	5
744	5
744–1	10
744–2	10
744–3	11
744–4	12
744–5	12
744–6	13
744–7	13
744–8	13
744–9	13
744–10	14
744–11	14
744–12	15
744–13	15
2250	4
2260	5
2288–1	68
2715	56
2715–1	56
2716	57
2717	57
2718	57
2719	57
2720	57
2721	57
2722	58
2723	58
2724	58
2725	58
2726	58
2727	59
2728	59
2729	59
2730	59

Section.	Page.
2731	60
2732	60
2733	60
2734	60
2735	60
2736	61
2737	61
2738	61
2739	62
2740	62
2741	62
2742	62
2743	62
2744	62
2745	63
2746	63
2748	63
3320	63
3321	63
3322	64
3323	64
3324	64
3325	65
3326	65
4294	65
4295	65
4296	66
4515	66
4516	66
4516–1	67
5407	69
5408	69
5409	69
5410	69
5411	70
5412	70
5413	70
5414	70
5603	71
5604	71
5605	71
5606	71
5607	71
5672	71
5673	72
6373–1	77
6373–2	77
6373–3	79
6373–4	79
6373–5	80
6373–6	80
6373–7	80
6373–8	80
6373–9	81
6373–10	82
6373–11	82
6373–12	82
6373–13	83
6373–14	83
6373–15	84
6373–16	85
6373–17	85
6373–18	86
6373–19	86
6373–20	83
6373–21	87
6373–22	87
6373–23	87
6373–24	87
7604	67
7605	67
7606	67
7607	68
7608	68
7609	68
9702	23
9703	23
9704	23
9705	24
9706	24
9607	24
9708	24
9709	25
9710	25
9711	25
9712	25
9713	25
9714	25
9715	26
9716	26
9717	26
9718	26
9719	26
9720	27
9721	27
9722	27
9723	27
9724	28
9725	28
9726	28
9727	28
9728	28
9729	28
9730	29
9731	29
9732	29
9733	29
9734	29
9735	29
9736	30
9737	30
9738	30
9739	30
9740	31
9741	31
9742	31
9743	31
9744	32
9745	32
9746	32
9747	22
9748	32
9749	21
9750	22
9752	32
9752–1	32
9752–2	33
9753	33
9754	33
9755	34

Section.	Page.
9756	34
9757	34
9758	34
9759	35
9760	35
9761	36
9762	36
9763	36
9764	36
9765	36
9766	37
9767	37
9768	37
9769	37
9770	38
9771	38
9772	39
9773	39
9774	47
9775	47
9776	48
9777	48
9778	48
9779	48
9780	48
9781	49
9782	49
9783	49
9784	49
9785	49
9786	50
9787	50
9788	50
9789	50
9790	75
9790–1	75
9791	75
9792	75
9793	76
9195	76
9796	76
9797	76
9810	38
9811	38
9812	38
9813	38
9814	39
9815	39
9816	40
9817	40
9818	40
9819	40
9820	40
9821	41
9822	41
9823	41
9824	41
9825	42
9826	42
9827	42
9828	42
9829	42
9830	43
9831	43
9832	43
9833	43
9834	43
9835	43
9836	44
9837	44
9838	44
9839	44
9840	44
9841	44
9842	45
9843	45
9844	45
9845	45
9846	45
9847	46
9848	46
9849	46
9850	46
9851	46
9852	47
9853	47
9854	47
9855	47
9856	47
12473	72
12898	72
12899	72
13182	73
13183	73
13184	73
13185	73
13186	74
13187	74
13384–1	74

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EMERY LATTANNER
Superintendent